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ABSTRACT

How early childhood funds are channeled to communities significantly affects what supports and services are available, how they are provided, how well they are linked to other resources in the community, and who benefits from them. As pressure mounts for states and communities to strengthen their commitment to families with young children and meet the growing demand for services at a reasonable cost, there is also a growing sense of urgency about finding better ways to finance these supports and services. In 1998, California voters responded to this challenge by passing Proposition 10, "The Children and Families First Act," which imposed an excise tax on sale of cigarettes to be used to improve early childhood development. This report presents a framework and suggests guiding principles to help the Proposition 10 commissioners develop strategic financing plans to meet the Proposition's goals. Following an introduction, the report is organized into four sections. The first section, on the challenges of developing short- and long-term early childhood financing under Proposition 10, reviews a number of structural issues and political challenges that face the commissioners as they develop plans for managing and allocating the new funding. The second section, on investment, highlights a set of general principles to guide decisions concerning the allocation and management of the new early childhood funds. The third section, on financing, presents an array of relevant strategies for financing comprehensive community early childhood initiatives that are aimed at enhancing the short- and long-term value and reach of the new Proposition 10 revenues. The report's summary section focuses on keys to developing and implementing successful financial plans, and encourages the commissioners to see their role and responsibility as more than just spending the new dollars. The report's four appendices include a list of federal funding sources for early childhood supports and services, an index to sources by service domain, guidelines for pursuing federal funds, and a list of other related resources. (Contains 35 endnotes.) (HTH)

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Building Community Systems for Young Children

Building Community Systems for Young Children is a series of reports designed to support the implementation of Proposition 10, The California Children and Families Act. Each installment is written by a team of experts and provides comprehensive and authoritative information on critical issues concerning young children and families in California.

September 2000

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Financing Early Childhood Initiatives: Making the Most of Proposition 10

By

Cheryl D. Hayes
The Finance Project

With assistance from Margaret Flynn

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Financing Early Childhood Initiatives: Making the Most of Proposition 10

I. Introduction

Ensuring that children enter school ready to learn is now a well-established national goal. Dramatic changes over the past three decades in U.S. families and the economy, as well as emerging research on the importance of early brain development, have increased the demand for public investments in early childhood supports and services, especially child care and preschool education. Yet policies and programs to ensure that young children receive basic health care, are well-cared-for when their parents work, and have access to resources to enhance their social and intellectual readiness for school have lacked a shared vision and a sustained public- and private-sector commitment. As a consequence, in most states and communities services have been fragmented, inequitable, and too often of poor quality.[1] In many cases, they have also been sporadic and short-lived.[2]

How early childhood funds are channeled to communities significantly affects what supports and services are available, how they are provided, how well they are linked with other resources in the community, and who benefits from them.[3] The bulk of public funding for early care and education, as well as for other health and social services for young children and their families, is categorical. Categorical funding streams are narrowly defined funding streams that support highly specialized activities and specifically targeted populations. Likewise, philanthropic and other private initiatives to improve the quality and accessibility of early childhood programs and services are often narrowly targeted, short-term, and uncoordinated. As pressure mounts for states and communities to strengthen their commitment to families with young children and meet the growing demand for services at a reasonable cost to taxpayers, employers, and parents, there is also a growing sense of urgency about finding better ways to finance these supports and services.

In 1998, California voters responded to this challenge by passing Proposition 10, the Children and Families First Act, a ballot initiative to impose an excise tax on the sale of cigarettes. The revenues, projected to reach $690 million in 2000, will go into the new California Children and Families First Trust Fund to be used to improve early childhood development.

Under the provisions of the new initiative, a state commission and individual county commissions will oversee the expenditure of the new earmarked revenue. The state commission receives 20% of the funds, and the counties are apportioned the remaining 80%. County commissions have wide discretion and can spend the funds on an array of programs and activities, including education, nurturing, child care, social services, health care, and research. Proposition 10 also emphasizes the creation of an integrated, comprehensive, and collaborative system of information and services. Funds available under the new initiative can be spent only to supplement existing levels of service and may not be used to supplant current state and local spending.[4]

One of the significant challenges facing state leaders and local Proposition 10 commissioners is how to make the most of the new funding for early childhood initiatives, both short-term and long-term.

A variety of consultants and other early childhood experts have recommended investments in specific intervention strategies, including prenatal care, home visitation, intensive cognitive development interventions for children at risk of developmental delay or disability, intensive family support, community-based support programs, and early care and education.

This paper is not intended to add to this thoughtful list of funding priorities. Instead, it presents a framework and suggests guiding principles to help the Proposition 10 commissioners develop strategic financing plans to meet their goals for improving and increasing investments in families raising young children. It is intended to help state and local leaders see themselves not just as funders but as fund managers.

The paper is organized in several sections:

- ***The challenges of developing short-and long-term early childhood financing plans under Proposition 10.*** This section reviews a number of structural issues and political challenges that face the Proposition 10 commissioners as they develop plans for managing and allocating the new funding.

- ***Principles to guide investments.*** This section highlights a set of general principles to guide decisions concerning the allocation and management of the new early childhood funds.

- ***Making the most of Proposition 10 revenues: strategies for financing early childhood initiatives.*** This section presents an array of relevant strategies for financing comprehensive community early childhood initiatives that are aimed at enhancing the short- and long-term value and reach of the new Proposition 10 revenues.

- ***Summary: Keys to successful financing.*** This section provides a summary/conclusion that focuses on the keys to developing and implementing successful financing plans. It encourages the Proposition 10 commissioners to see their role and responsibility as more than just spending the new dollars. It also encourages them to see themselves as fund managers with responsibility for investing the new Proposition 10 funds to produce the greatest return.

- ***Other resources.*** These sections highlight a number of other published materials and electronic information sources that are relevant and can supplement the information presented in this paper.

II. The Challenges of Developing Short- and Long-Term Early Childhood Financing Plans under Proposition 10

Tobacco taxes, like all dedicated revenue strategies, raise a number of structural issues and political challenges. As the Proposition 10 commissioners develop plans for managing and allocating the new funding, there are several issues associated with the nature of this new source of revenue as well as political challenges that they will need to consider.

- **Declining revenue source.** To the extent that Proposition 10 is effective at reducing tobacco consumption, it will become a declining revenue source. However, it is difficult to project the likely decline in smoking that is due to higher prices (rather than to other factors, such as the success of anti-smoking programs). Research by the Centers for Disease Control and Prevention suggests that smokers in lower income and some minority populations are the most price-sensitive.[5] Other studies conclude that teenage smokers are most likely to quit when prices on tobacco products increase.[6] Accordingly, it is possible that over time, the revenues available for the early childhood development supports and services created (and expanded) through Proposition 10 will decline. Therefore, the Proposition 10 commissioners may want to give some thought to the kinds of supports and services that are funded using these new revenues (e.g., one-time up-front expenses and ongoing program subsidies) and build in safety nets (e.g., with other matching funds) to the extent possible.

  Issues for Consideration:

  - ✓ What is the projected reduction in revenues over time?
  - ✓ Should funds be used to cover one-time, up-front expenses (e.g., facilities) in anticipation of a reduction in revenues?
  - ✓ Are there opportunities to use Proposition 10 revenues to leverage funds from other sources that would offset declines over time?

- **Flexible funding source**. The new Proposition 10 funds provide a significant flexible funding source that can enable the counties to effectively link existing resources to create more comprehensive community support systems. They also provide the means for commissioners to respond to the unique needs and priorities of their communities and to devote resources to initiatives that are not funded under current federal, state, and county budgets. Yet, to be most effective, it will be important for the Proposition 10 commissions to coordinate with their county boards of supervisors, administrative agencies, and existing community collaboratives that are already addressing early childhood issues, to ensure that new programs do not duplicate or undermine the effectiveness of existing ones. Also, to implement many of the innovative financing strategies that are laid out in this paper, it will be essential for the Proposition 10 commissions to work closely with the county boards, since the commissions do not have independent authority to leverage or draw down federal, state and county funding.

  Issues for Consideration:

  - ✓ Are there gaps in the early childhood infrastructure and/or service system that could potentially be filled with the support of Proposition 10 dollars?
  - ✓ How will new expenditures be coordinated with existing state and local child development programs?

- ✓ What steps are needed to ensure that new funding does not duplicate spending on existing services and supports?

- ✓ What formal structural arrangements are needed to ensure that the Proposition 10 commissions, other community collaboratives and the county boards of supervisors work together productively to develop clear investment priorities and effective financing strategies?

- **Criteria for making trade-offs**. Though the new funding will be significant, it probably will not be sufficient to serve all families with young children at a very intensive level. Thus, the Proposition 10 commissioners will need to invest Proposition 10 funds strategically based on community needs, resources, and priorities. As a part of the strategic planning process, the county commissions are required to implement an outcomes-based accountability framework. Each commission will identify measurable indicators of progress that can help track the impact of their investments. It will also be important to marshal information from research and best practice about what works, and what approaches are likely to produce the most positive results to guide their decisions. This focus on results will provide a clear framework for making choices and for measuring the impact of their investments. It will also help commissions to make the most effective use of Proposition 10 revenues over time and avoid sustained funding of approaches that are ineffective. Finally, a focus on results is likely to be critical if the counties need to go back to voters in future years to request additional funds to replace declining tobacco revenues.

  Issues for Consideration:

  - ✓ How can the Proposition 10 commissioners invest strategically to achieve the best possible results for children, families and communities?

  - ✓ What up-front investments in administrative and data systems are needed to establish an outcomes-based accountability framework?

  - ✓ Should commissioners target resources to the most needy and high-risk children and families in order to meet the greatest needs or should they spread them more broadly to build a broader base of support?

- **Supplementing vs. supplanting.** Often, the implementation of new dedicated revenue sources becomes an opportunity for state legislators and county commissioners to "free up" General Fund dollars for other purposes. The structure of Proposition 10 guards against this by placing spending authority in an independent body and by prohibiting the use of Proposition 10 funds to replace existing funding. Nevertheless, the law does not require that current General Fund spending levels increase to keep pace with rising costs or growing needs. Accordingly, when there is an economic downturn, a period of increased inflation and rising costs, or when there is growth in the case load, state and county leaders may resist increasing funding for needed early

childhood programs and services from the General Fund. Instead, they may assume that Proposition 10 revenues are sufficient to fund needed early childhood supports and services and that additional General Fund spending is unnecessary.[7]

Issues for Consideration:

- ✓ How much of the money available to communities will actually fund new supports and services?
- ✓ How can Proposition 10 funds be directed to complement and enhance but not duplicate supports and services provided supported by other public dollars?
- ✓ In what ways can the Proposition 10 county commissions become "venture fund managers" who not only spend the funds that are generated by the tobacco tax, but use them to leverage a larger and more secure fiscal base?

- **Sustainability.** As highlighted earlier, tobacco taxes are likely to be a declining source of revenue. Therefore, the county commissions should plan for the sustainability of new initiatives from the outset. They should be cautious about initiating new programs and services that may be unsustainable, and they should actively consider ways to make their dollars go further. This may include using them to leverage other federal and state funding, creating more flexibility in existing categorical funding streams, developing public-private partnerships, and seeking ways to make the best (or better) use of dollars already in the system, including using new resources to influence the expenditure of existing appropriations. An important foundation for sustainability is an outcomes-based accountability framework. Proposition 10 commissions will more effectively be able to engage partners and leverage resources if they can document that their work is achieving desired results.

  Issues for Consideration:

  - ✓ What financing strategies will make the money go further?
  - ✓ Are there ways to manage the new funding so that it grows and expands the funding base?
  - ✓ What efforts will be needed to build and sustain stable public support so that California counties have the resources and the flexibility to respond effectively to changing needs and priorities in the future?

III. Principles to Guide Early Childhood Investments

Proposition 10 provides the California counties with a special opportunity to improve the lives and prospects of young children and their families. Yet the challenges are daunting. In many cases, the results which county leaders seek for young children and their families cannot be achieved without bringing together resources in new ways. The law gives the county commissions wide latitude to set priorities for investment, manage their funds, allocate resources, and track the results. As the Proposition 10 commissioners begin to delineate financing strategies to match their goals, they should be guided by a set of clear general principles. Effective financing strategies should:[8]

- **Be driven by a compelling and well-conceived policy and program agenda.** Among policymakers, professionals, and community leaders there is a growing consensus that helping families gain access to the resources they need usually requires bringing health care, early care and education, family support, and community building and development closer together. Yet too often, creating comprehensive community support systems is impeded by categorical funding streams that only provide support in response to narrowly defined problems, and often are only available when problems become chronic or severe. Increasingly, states and communities are establishing promising comprehensive initiatives based on several basic premises:

  - ✓ Young children and families have multiple needs that are best met in a comprehensive, coordinated, and flexible manner.

  - ✓ Programs and services should be family-focused and should include parents as partners in the design, governance, and operation of services.

  - ✓ Investment strategies should balance the emphasis on prevention and remediation in order to minimize problems before they become crises.

  - ✓ Family and neighborhood influences shape individual results, and therefore decision-making authority should reside at the community level.

  - ✓ Policymakers, program developers, and professionals who serve families with young children should be accountable for improving results for their clients and their communities.

Financing strategies can be designed to support and reinforce these tenets. If programs and providers are to pursue better outcomes by adapting supports and services to individual needs, then financing needs to be flexible to enable frontline workers to effectively match needs and resources. If local leaders are to have real decision-making authority and parents are to be a part of that process, then budget and allocation responsibilities should not reside in state agencies. If service priorities need to be reoriented to effectively support young children's healthy development and strengthen their families' ability to rear them, then financing must create incentives to prevent problems, not just to treat them.

- **Align financing strategies with the programs and services they are intended to support.** To make the most of available funding, policymakers and community leaders need to be clear about what programs and services they seek to finance, over what period of time, and for what target populations. Financing should be aligned to the specific needs and purposes of the children, families, and communities they are intended to benefit. Not all dollars are the same and they are not always interchangeable. In most cases, for example:

  - ✓ The costs of capital investments are better amortized over a period of time or paid for through one-time, up-front gifts and contributions, rather than paid out of scarce annual appropriations for service subsidies. Access to facilities funds can greatly enhance a community's ability to build the child care, health care, and family service facilities that are needed and spread the costs over a number of years.

  - ✓ Programs and services that are intended to become a part of the fabric of a community over a long period of time should not be dependent on time-limited foundation grants that must be constantly renewed. If they are to become sustainable, they must be financed by stable, continuing revenue sources.

  - ✓ Categorical program funding can be coordinated or pooled to support an array of specific services that young children and families need, even if it cannot be used to facilitate coordination and collaboration among providers and programs.

  - ✓ Collaboration and building the infrastructure for comprehensive community systems, on the other hand, may best be supported with more flexible funding sources.

  - ✓ Similarly, research to support program improvements, evaluation, and efforts to add innovative components to promising initiatives may be financed most effectively through short-term public- and private-sector grants that provide flexibility to experiment and test new concepts.

In sum, the design of financing strategies and the use of public- and private-sector funding sources should be guided by the answer to the question: *Financing for what?*

- **Take account of changing fiscal needs over the life cycle of the initiative.** Effective financing requires more than just a knack for opportunistically tapping into available funding sources. Decisions about which sources and strategies to pursue should be based on a careful analysis of short- and long-term funding needs over the life cycle of an initiative or a set of community investments. For example, if investments in preventive programs and services are expected to reduce the need for expensive remedial services over time, the life-cycle funding curve may be much higher in the early years than in later years, when positive effects begin to be realized. On the other hand, if an initiative begins as a targeted demonstration and over time is expected to go to scale and serve all families in a community or neighborhood, then the costs and expenditures can be expected to rise. Understanding and projecting cash-flow needs is an

important step in the process of designing financing strategies that can keep pace with changing fiscal needs.

- **Incorporate multiple funding sources that cut across traditionally separate services and programs**. Creating and sustaining comprehensive community support systems requires combining and orchestrating a wide array of public- and private-sector funding sources. The index at the back of this paper identifies 59 federal funding streams that support programs and services for young children and their families. Some of these programs provide support that is narrowly targeted to programs and services for young children and their families; others benefit young children as members of other eligible populations (e.g., low-income families, individuals with disabilities, refugees and immigrants). They fund basic needs (such as food and shelter); child development and preschool education; family support (including parent education, child abuse prevention, and family preservation services); health care and mental health services; child welfare services (foster care and adoption); and investments in building the service delivery infrastructure. To these numerous federal funding sources are added state funds that are allocated from the General Fund in the annual budget process, as well as earmarked revenues such as Proposition 10. Additionally, many community supports and services are supported in part or in whole by private funds from corporations, foundations, religious groups, and individuals.

Making the most of available dedicated revenues from Proposition 10 will require combining them in creative ways with other public- and private-sector resources to create a funding portfolio of specialized and flexible short-term and long-term funding that is focused on the community's needs and priorities for young children and families. Just as an individual's investment portfolio is strongest when it is diversified and derives income and growth from a complementary array of holdings, a community's portfolio should also be diversified and make the best use of a number of relevant funding sources. To effectively build a broad and stable portfolio that can sustain promising community programs and services will require that the Proposition 10 commissions work closely with their county boards of supervisors and county agency officials who hold the purse strings for existing public funding.

- **Maximize the use of public- and private-sector funding and other non-monetized resources that are already in the system.** There is an old saying: "A dollar isn't everything, but everything is a dollar." One of the most important principles of effective financing is to recognize that the sources necessary to build and sustain comprehensive community support systems may come in many forms as well as from many sources. Non-monetized resources, including volunteer staff, contributed space, donated equipment and technical support are just as valuable as funding and can significantly extend the total resources that a community has to invest in young children and their families. Figuring out how to attract and make effective use of these resources is critically important.

Just as important is making use of dollars that are already being expended in the service system. This may require the difficult and politically sensitive job of reallocating or redirecting spending from less effective to more effective programs and services, from higher-cost to lower-cost approaches, or

from lower-priority investments to higher-priority ones. Developing comprehensive community early childhood systems often creates opportunities to shift spending from specialized treatment to more prevention-oriented services and to achieve economies of scale in case management, administration, and outreach. In some cases community collaboratives are able to effect these changes themselves; in others, they are able to influence the way outside agencies and organizations allocate resources by creating strong incentives for new investment strategies. This emphasis on making the most of existing resources partly reflects the fact that there isn't enough funding to intensively serve all families in a county with young children. However, it is also reflects the political reality that it is sometimes easier to justify increased appropriations when current dollars are spent most efficiently.

- **Use new funding to leverage other public- and private-sector resources.** Many large federal funding streams are designed to be matched. States and local communities can significantly increase their resources by using their new dedicated revenues to match and draw down available federal or state dollars and private funds. The underlying concept is that shared funding and a mutual commitment among contributing partners (government at all levels and the private sector) will help ensure the success and sustainability of promising initiatives. Pooling dollars from several sources and then distributing them through a collaborative process that involves an array of community leaders and stakeholders is an increasingly effective way of building a broad base of support for community programs and services as well as building a diversified portfolio. Again, for the Proposition 10 commissions to play an effective role in helping their communities leverage additional federal and state funding, they will need to work closely with the county boards of supervisors and with county and state agency officials, since they do not have independent authority to draw down public funds.

- **Contribute to a positive return on investment.** In business, investors expect to get a positive return on their investment. Venture capitalists and fund managers weigh investment opportunities to determine which ones seem likely to produce the best returns within a particular time frame. In education and human services, the concept of return on investment is just beginning to take hold. Traditionally, programs and services were funded out of annual appropriations and were accountable only for delivering specified quantities of service to specified numbers of children and families. Increasingly, however, investors — often taxpayers — want assurance that their investments in children and families will pay off in meaningful and measurable ways — not only by making services available, but by improving outcomes among those who receive them. Just like business investors, they want to know and be able to measure the return on their investment. They want to see healthier children, stronger families, safer communities, more children starting school ready to learn, and more children succeeding once they get there. Financing needs to be aligned with these kinds of results, and investment opportunities need to be evaluated in terms of their potential to reduce the cost of bad outcomes and deliver attractive returns.

IV. Making the Most of Proposition 10 Revenues: Strategies for Financing Comprehensive Community Early Childhood Initiatives

Several strategies are available for financing comprehensive, community early childhood initiatives that are aimed at enhancing the short- and long-term value and reach of the new Proposition 10 revenues. The new dedicated early childhood funding can be used to create new program and service components and expand the reach of existing programs to unserved and underserved populations. It also can be used to leverage greater public- and private-sector funding for young children and families and to encourage reforms that will enable established programs and agencies to achieve greater impact and efficiency from their current investments. These financing strategies fall under several general headings:

- ✓ Making better use of existing resources.
- ✓ Maximizing federal and state funding.
- ✓ Creating more flexibility in existing categorical funding.
- ✓ Creating public-private partnerships.

It is important to note at the outset that these strategies are not mutually exclusive. They can and should be combined in a carefully designed financing portfolio.

Making better use of existing resources

Among the most ambitious efforts to improve financing and to make resources go further is to reshape the way dollars already in the system are spent, especially funds that benefit families served by several agencies and programs. Vulnerable families and those at highest risk typically have multiple needs and often receive services from more than one provider. Efforts to make better use of existing resources frequently focus on coordinating and streamlining these services to reduce the administrative costs associated with serving a particular family and on shifting funds from more restrictive and higher-cost services to less restrictive and less costly community-based services that keep children in their own homes and communities. They also entail efforts to create greater efficiency in an array of community-based supports and services by making better use of non-monetized resources and creating greater economies of scale that enable all providers to reduce their operating costs.

- ♦ *Redeployment.* Redeployment is a strategy for shifting funding from higher-cost to lower-cost programs and services. It favors and reinforces community-oriented, preventive, and less categorical approaches. The best examples of redeployment are in the child welfare field, where several agencies operating independently spend significant sums on families who receive intensive supports and services. By increasing investments in community-based preventive supports and services, state and local leaders can reduce the need for more intensive, costly

remedial services. Redeployment financing strategies support efforts to shift social service systems from a focus on addressing problems to a focus on providing positive opportunities and services that help families and children to avoid problems.

Redeploying Funds from Institutional to Community-Based Care

The Children's System of Care (CSOC) initiative in California is an effort to serve children with serious emotional disorders more effectively by redeploying funds from institutional to community-based care. Through the initiative, counties receive funding to create a collaborative system of services that integrates the special education, child welfare, health, and juvenile justice services that children with serious emotional disorders commonly need. The goal of the system-of-care model is to improve outcomes for children with serious emotional disorders by creating home- and community-based alternatives to institutional care, and improving service planning, delivery, and evaluation. Fifty California counties have received system-of-care grants and the goal is to implement the program in all 58 counties. The implementation of the model has shown improvements in child functioning as well as significant cost avoidance. In addition, system-of-care grants are intended to strengthen social service delivery systemwide by providing the impetus for, or enhancing, county efforts at interagency collaboration.

Contact: Technical Assistance Center for Children's System of Care
Phone: (916) 654-1889
Website: http://www.dmh.cahwnet.gov/child_sysofcare.htm

- *Operating more efficiently.* By creating greater efficiency in communitywide, systemwide operations, agencies and programs are able to cut administrative costs and serve families in a more comprehensive and integrated manner. Among the most common approaches are:

  - ✓ Co-locating and connecting independent programs and services.
  - ✓ Making better use of contributed support, volunteers, and in-kind contributions.
  - ✓ Creating economies of scale through purchasing pools (e.g., for supplies, administrative services, and professional training).
  - ✓ Implementing more streamlined administrative and management processes.

Turf battles, harmful competition among programs and services, and duplication of effort can hurt the short-term and long-term success of community initiatives. Accordingly, one of the underlying tenets of comprehensive community support systems is the need to coordinate and connect resources that are available in the community in order to save time and effort that are often wasted when many small organizations and groups fail to work together. [9]

Integrating Human Services in Placer County

Over the course of more than 10 years, Placer County, California, has integrated formerly separate county human service units to more effectively and efficiently serve children and families. This collaborative effort, called the System Management, Advocacy and Resource Team (SMART) System of Care, began in the late 80s, when leaders from the county juvenile court, probation, mental health, child welfare, and education departments came together to reduce fragmentation in county services. These leaders developed a Memorandum of Understanding in which they accepted joint responsibility for providing collaborative, comprehensive services to address child and family needs. The MOU created a SMART Policy Board that included administrators of each of the agencies and a SMART Team that included key staff people. The Policy Board had responsibility for addressing policy issues that interfered with effective collaboration ,while the SMART Team was responsible for jointly assessing families and delivering coordinated services.

In 1994, a state Children's System of Care grant provided the funding to take these efforts at service coordination a step further. Placer County used its System of Care grant to create a single administrative services unit consisting of co-located staff from each of the separate county units involved in SMART. By co-locating staff in a multidisciplinary unit, SMART established a new service delivery system, work environment, and organizational culture not limited by categorical units. Building on this effort, in 1996, all of the separate county units involved in SMART were integrated into a single Children's System of Care, an Adult System of Care, and an Emergency Response system. Formerly separate county units integrated into these systems include Mental Health, Child Welfare, Substance Abuse Services, Probation, and, Juvenile Court.

The new organization of county services has broken down the barriers between these formerly separate county units — physically, administratively, and programmatically. Rather than a number of separate and disjointed programs serving children and families, DHHS has a single system of children's care budget. While there are still many categorical funding sources included in the budget, the county can now more effectively coordinate those sources to provide integrated and responsive services.

Contact: Raymond Merz
Phone: (530) 889-6770
Website: www.place.ca.gov/children/children.htm

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Co-locating Services to Serve Families More Effectively and Efficiently

The Prince Hall Family Support Center in St. Louis, Missouri, is operated by staff from five state agencies — Child Support Enforcement, Family Services, Office of Youth Development, Family Court, and Division of Aging — and 14 private agencies housed together in a former hospital. Locating this mix of state and private-sector organizations in one building makes it possible for families to obtain a wide variety of health and human services at one location. The Center has developed a uniform intake system, and agencies housed in the Center work together to ensure that the needs of families are addressed. Co-locating not only enables the many agencies in the facility to work together more effectively to serve children and families with multiple needs, but also helps them to operate more efficiently by avoiding duplication of services, sharing the costs of equipment and supplies, and conducting joint training.

Contact: Louise Critten, Assistant Director, Prince Hall
Phone: (314) 877-2000

Creating Purchasing Pools to Increase the Efficiency of Child Care Businesses

In San Francisco, the High Quality Child Care Fund (HQCCF) links independent child care providers in a network to help improve the quality and efficiency of their operations. The Board of Supervisors allocated over $2 million in the city's budget in 1998 to establish the HQCCF. Activities supported by the HQCCF include mental health consultation services for child care programs, training and support for license exempt providers, a centralized child care subsidy eligibility list, and a child care provider purchasing pool. The child care provider purchasing pool enables traditionally small, independent child care providers to cut their expenses by negotiating group discounts with major vendors for supplies, equipment, insurance, maintenance, and professional training. The goal is to increase the earnings of child care providers and the viability of child care businesses.

Contact: San Francisco Department of Children, Youth and Their Families
Phone: (415) 554-8965
Web site: www.mocyf.org

- *Reinvestment.* Reinvestment is a strategy that takes efforts at redeployment and operating more efficiently a step further by attempting to identify funds that have been "saved" and reallocate them to support new/alternative supports and services (e.g., as case loads decline, capturing the savings from spending on remediation and reinvesting in prevention). This approach is premised on the concept that it is less costly to invest in producing good results among children and families than in treating the consequences of bad results. Communities can avoid the high costs of bad results by investing in supports and services that prevent problems and foster positive outcomes, thereby reducing the need for expensive remedial supports and services. When savings are realized, they can be reinvested in prevention and early intervention to enhance a community's capacity to produce desired results, further reduce the need for costly remediation, and yield additional savings. Key to the success of reinvestment strategies are:[10]

  - ✓ Programs and services that can improve the well-being of young children and their families by reducing or avoiding the high costs of remediation.

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- ✓ Evidence of program and service effectiveness and the ability to produce downstream savings.
- ✓ Partners who have the authority and resources to shift investments and commit state agencies, county agencies, and community non-profit organizations to a reinvestment deal.
- ✓ A "reinvestment deal" that specifies the proposed reinvestment — how much will be spent, from what sources, for which programs and services, over what period of time, with what method of tracking cost avoidance and cost savings, and how the realized savings will be allocated between and among the partners (e.g., state agencies and community collaboratives).

The principal challenge in implementing reinvestment strategies is demonstrating what kinds of changes in programming and other activities can save money. The cost of remediating problems for children and families takes up a significant and increasing share of federal, state, and local budgets.[11] Unfortunately, however, there is little firm evidence of the cost savings that can be attributed directly to most community initiatives. In part this is because the methods for calculating the costs of bad results are relatively undeveloped. In part it is because it is difficult to control complex, comprehensive, community-based interventions in order to isolate and document cost-benefit. Most importantly, however, it is because reinvestment does not mean something for nothing. Prevention programs also have costs. And the costs and the savings show up in different places and in different fiscal time periods.

In the end, decisionmakers must weigh the more predictable costs of treating problems against the hoped for but less predictable costs and benefits of trying to prevent problems. The success of designing and implementing reinvestment strategies depends on partners who are willing and able to make a deal and a convincing case (based on imperfect information) that a shift in investments can deliver actual expenditures below the current baseline. [12]

Reinvesting Funds Saved by Keeping Children in Their Communities in Maryland

Under Maryland's Community Partnerships for Children Youth and Families Initiative, local collaboratives are authorized to use funds appropriated for out-of-home care to provide in-home services to at-risk families in order to prevent out-of-home placement. Each local jurisdiction has a local management board that establishes a plan for developing better services to families most at risk and develops a set of core services. Jurisdictions have the flexibility to design core services that are most responsive to local needs, but must document that they will be effective in helping families to stay together. Localities then retain and are able to reinvest any dollars they save by reducing out-of-home placements into their local service systems.

Contact: Jen Clarren, Governor's Office for Children, Youth, and Families
Phone: (410) 767-6208
Website: www.ocyf.state.md.us

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Implications for Proposition 10 Financing:

In some cases, it takes money to make money. While redeployment, operating more efficiently, and reinvestment are strategies to make better use of existing resources, they often require an initial investment of new funds to create prevention programs and services or to retool management and administrative systems to support better coordination. Ultimately these investments can be expected to result in reduced spending on more intensive and expensive treatment programs. They are also likely to reduce duplicative case management, outreach, and administrative capacities among programs and agencies serving the same young children and families. Proposition 10 funds invested in these ways may result in savings that can be reinvested in other community-based early childhood supports and services that promote healthy development and enhance school-readiness.

Maximizing federal and state revenue

The appended index identifies 59 federal funding streams that are available to support early childhood programs and services.[13] These programs are of several basic types:

- ✓ *Entitlement programs* — open-ended, uncapped appropriations that provide funding to serve all children and families that meet the programs' eligibility criteria (e.g., Title IX – Medicaid and Title IV-E – Child Welfare);

- ✓ *Formula (or block) grants* — capped appropriations that provide a fixed amount of funding to states or localities based on established formulas, which vary from grant to grant and require a state match (e.g., the Child Care Development Block Grant and Temporary Assistance for Needy Families). The formulas are usually tied to population characteristics, such as income status, geographic residence, or personal characteristics like disabilities.

- ✓ *Discretionary grants* — capped appropriation for specific project grants awarded on the basis of competitive applications (e.g., Head Start). Depending on the provisions of the program, applicants may be a state or local, public or private entity. A growing number of discretionary grant programs require collaborative efforts by a consortium of community agencies and organizations.

- ✓ *Direct payments* — capped appropriations that support direct financial assistance to individual beneficiaries who satisfy federal eligibility requirements (e.g., Supplemental Security Income, Section 8 Housing Assistance, and Refugee and Entrant Assistance). These programs may be administered by an intermediate state agency.

Maximizing federal funds is a category of financing approaches that enables state and local leaders to identify relevant funding sources and draw down the maximum amount of money that can be obtained from each source by taking steps to ensure that all eligible children and families receive entitlement and formula or block grant subsidies and that community organizations take full

advantage of available discretionary funds. These efforts can substantially expand the funding base for programs, provide stable revenues, and free up local funds for other purposes.

- *Leveraging.* Leveraging is a strategy for maximizing federal revenue by taking advantage of programs that provide funding contingent on state, local, or private spending. In order to leverage entitlement and block grant dollars, it is necessary to demonstrate public expenditures (either state or local) on allowable activities as defined in the federal statutes, using the new funding as a match to draw down additional federal funding. This may entail designating current state or local spending as eligible in order to draw down new federal matching funds. It may also involve spending new state or local dollars to qualify for the maximum share of federal funding. Local funds can be used to leverage block grant monies when the state does not contribute enough "match" (maintenance of effort) to secure the full amount permitted in the allocation formula. By spending additional amounts — or designating existing spending not previously claimed under the state match — counties and other local jurisdictions can leverage new federal dollars. To actually receive these new funds, however, the local entities must obtain commitments from the state, since in most cases, the state will be the recipient of these dollars.[14]

One of the most significant benefits of leveraging federal funding is that the new revenues actually increase opportunities for additional leveraging. The new federal dollars, in effect, replace a share of state and local spending to support program and services. These resources are then freed up to use for other purposes. To the extent that they are used for activities that also qualify for federal reimbursement, they can leverage additional federal revenues.[15]

In order to effectively leverage federal funding, it is necessary to know:[16]

- ✓ What federal programs require matching.
- ✓ What qualifies as eligible expenditures under these programs.
- ✓ The types of services that state and local revenues are supporting.
- ✓ Whether all eligible expenditures are being submitted for matching.
- ✓ For block grants, whether the maximum amount of federal funding is being drawn down or whether an additional match is required to do so.

To make the most of the new Proposition 10 funding, local leaders must work closely with their local boards of supervisors, county agency officials, and state administrators to maximize their leveraging potential. Although Proposition 10 funding can provide the local match for entitlement and formula grant funding, the county commissions do not have independent authority to draw down federal, state or county funds. Therefore, while the commissions have enormous potential to add value and help develop a sustainable funding base for new and expanded community early childhood programs and services, their success will depend on developing effective collaborative relationships with the

county agencies and elected bodies that have fiscal authority over existing public programs and funding streams.

Leveraging Medicaid Dollars to Support a Home-Visiting Program

Oregon is using Medicaid reimbursements to support their Healthy Start home visiting program. Healthy Start is one component of Oregon's statewide system of comprehensive, community early childhood supports and services. Local communities create an Early Childhood Comprehensive Plan for children ages prenatal to eight years. One of the core services that local communities are required to integrate into their comprehensive plan is home visiting for children with medical and/or social risks. In order to support the Healthy Start home visiting component, Oregon has created a process for claiming Medicaid administrative reimbursements for Healthy Start home-visiting activities. Local communities with an approved Early Childhood Comprehensive plan receive state funding to implement their plan. Healthy Start programs within those communities then document the time spent on activities that can be reimbursed through Medicaid. The claiming process is administered by the Oregon Commission on Children and Families, which then distributes leveraged federal dollars to local communities. In 1999-2001, a total of approximately $3.3 million in federal Medicaid dollars will be available to match allowable activities in 20 participating communities.

Contact: Fritz Jenkins, Oregon Commission of Children and Families
Phone: (503) 373-1283
Web Site: www.ccf.state.or.us

There are a wide variety of federal programs that fund early care and education services. The *Child Care and Development Fund* (CCDF) is the largest direct federal funding source for child care. States use CCDF to fund subsidies that parents use to pay for child care at the provider of their choice, as well as for quality building, system building, and resource and referral activities. *Temporary Assistance to Needy Families* (TANF), the block grant that replaced the entitlement AFDC, is also used by states to support child care and early education initiatives. States can use TANF directly on child care or they can transfer a portion of TANF (up to 30%) into CCDF.

Several factors make this a good time for state and local leaders to consider using TANF to enhance and expand community investments in young children and their families. The final TANF regulations, released in April 1999 and effective in October 1999, increased state flexibility in using TANF to fund supports and services for low-income families.[17] In addition, because of dramatic reductions in state welfare caseloads, many states have not drawn down significant portions of their TANF allotments. The federal Department of Health and Human Services reports that $2.9 billion of 1997, 1998, and 1999 TANF dollars allocated to states were not drawn down and that $5.1 billion of TANF funds drawn down had not actually been spent. This includes $1.6 billion TANF dollars unspent in California.[18] The large amount of unspent TANF dollars nationally has led some in Congress to advocate reducing TANF block grant levels when TANF is reauthorized in 2002. These proposals are controversial, and it is unclear what changes, if any, will be made to TANF when it is reauthorized. Currently, however, the availability of TANF funds and the flexibility that states and communities have in allocating them present a unique opportunity.

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TANF funds can be used to support services that are reasonably aimed at achieving four purposes:[19]

1) To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.

2) To end the dependence of needy parents on income assistance by promoting job preparation, work, and marriage.

3) To prevent and reduce out-of-wedlock pregnancies.

4) To encourage the formation and maintenance of two-parent families.

Federal and state laws impose a number of specific conditions on the use of TANF funds. Most importantly, in certain instances, recipients of TANF-funded supports and services are subject to federal requirements concerning work participation, time-limited benefits, and child support cooperation. One concern that local leaders may have in tapping TANF dollars to support early childhood programs is whether the service is considered "assistance" and, as a consequence, whether recipients will be subject to such requirements and whether receiving these services will count against their eligibility for time-limited income assistance.

A second important issue is whether the service is supported by federal TANF dollars or by maintenance of effort (MOE) dollars. States can choose to spend MOE dollars in the TANF program or in separate state programs that serve "eligible" families. MOE funds allocated to separate programs are not subject to most TANF requirements, including time limits, work participation, and child support assignment. Thus, if MOE dollars are used to support early childhood programs and services, federal requirements based on "assistance" are not applicable.

States and localities can use TANF for a variety of programs and services, including early care and education, family support, home visiting, and early intervention, under the four purposes outlined above or through transferring TANF funds to the Child Care and Development Fund.[20] In order to productively explore opportunities to tap TANF funds, the Proposition 10 county commissions must work closely with state administrators for the TANF program. State and county officials have the final say in allocating TANF funds. In order to effectively leverage TANF funding, it is necessary to know:[21]

- ✓ How state and county agency administrators regard creative uses of TANF for early childhood supports and services.
- ✓ What is in the state TANF plan and whether it would require amendment to cover proposed uses.
- ✓ How TANF funding allocations are made.
- ✓ How TANF funds are currently spent.

- ✓ Whether the maximum amount of federal funding is being drawn down or whether an additional match is required to do so.

- ✓ How the child care payment system works.

Using TANF to Fund Family Support Programs in Los Angeles County

In Los Angeles County, TANF funds are being used to support the creation of 16 new County Family Resource Centers, and to support an existing network of Family Support Collaboratives.

The County Family Resource Centers will provide integrated services to families in 16 high-need districts and will include co-located workers from the following county departments:

- Department of Health Services
- Department of Public Social Services
- Department of Children & Family Services
- Probation Department
- Department of Mental Health
- Staff from the school district in which the family resource center is located

In addition, TANF funds support a network of family support collaboratives. The 27 family support collaboratives bring together over 600 nonprofit and public agency partners to provide 1) enrichment activities for youth, 2) child care, 3) community safety, 4) job training and support, and 5) access to health care.

These initiatives are just two of many included in a Long-Term Family Self-Sufficiency Plan, developed collaboratively by representatives from county agencies, the community, and services providers to ensure that TANF dollars support integrated programming aimed at moving families to long-term self-sufficiency.

Contact: Marcela Lopez, LA Department of Public Social Services
Phone: (562) 908-8643

- ♦ *Refinancing*. Refinancing involves using someone else's money to pay for services already provided, and thereby freeing up your own money for a new use.[22] It is a specialized form of leveraging that expands the funding base, usually by substituting federal and state entitlement funding for other public and private local discretionary funding. Because entitlement funds are open-ended — appropriations are not capped and funds are available to serve all children and families that meet the programs' eligibility criteria — they are a highly stable and predictable funding source. There are few remaining federal entitlement programs. The largest is Medicaid, which supports health care for low-income children and adults, as well as administrative costs associated with providing these services. The other major federal entitlement program for young children and their families is Title IV-E, the federal child welfare program, which supports children in foster care, children at risk of being removed from their homes, and some supports and services to support families and prevent out-of-home placement. Title IV-E, like Medicaid, also has a special provision to cover administrative costs associated with the delivery of child welfare and family preservation services. In addition, the federal Child and Adult Care Food

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Program provides reimbursement for meals and snacks served to eligible low-income children in child care programs. Because it is an entitlement program, the CACFP can provide an important source of stable funding to child care providers. Providers are eligible to receive reimbursement if they serve children who are eligible for free or reduced-price meals at school. Programs located in school districts in which 50% or more of the children are eligible for free or reduced-price meals are "area eligible" and receive reimbursement for all children served, regardless of income. Programs in other areas must qualify children they are serving individually.

Refinancing, using entitlement funding, has significant potential for expanding community early childhood funding bases because these funds are available to subsidize the costs of serving all eligible young children and their families. The principal challenge is keeping the freed-up money in the early childhood service system. There is a great temptation for state and local officials to redirect the freed-up money to other purposes. When this happens, the child and family service system is worse off, and has nothing to show for its efforts. Therefore, the best way to retain the funding is to 1) increase the percent of children who are eligible for Medicaid and Title IV-E benefits and for the Child and Adult Care Food Program, and 2) broaden the scope of claiming without overstepping the bounds of allowable activities.[23]

Refinancing Health Services Provided in Schools with Medicaid Dollars

In California, Medicaid funds are used to refinance health services provided in schools. The refinancing process, called the Local Education Agency Medi-Cal (California's Medicaid System) Billing Option, was created in 1993 through a partnership between the Governor, the Superintendent of Public Instruction, and the Foundation Consortium. In order to implement the Medi-Cal Billing Option, the California Department of Health Services (DHS) had to amend the Medi-Cal state plan to allow Local Education Agencies (LEAs) to bill for health services. Under the amended Medi-Cal state plan, any local education agency may enroll as a Medi-Cal provider and receive federal Medicaid matching dollars for health services provided to Medi-Cal-eligible students by eligible providers. Enrolled agencies can bill for LEA bundled services, which include:

- Health and mental health evaluation and education
- Physical therapy
- Occupational therapy
- Speech and audiology services
- Psychology and counseling services
- Nursing services
- School aide services
- Medical transportation services
- Targeted case management

In order to participate in the Medi-Cal billing option, LEAs must agree that new funds will be reinvested in services for children and families and that they will establish or designate an existing interagency human service group at the county or sub-county level to make decisions about reinvestment.

The Medi-Cal Billing Option was established in order to generate support for Healthy Start, the statewide comprehensive, school-linked services initiative. Healthy Start, established in 1991, provides planning and operational grants on a competitive basis to local education agencies to establish a local collaborative body to assess needs and implement school-linked integrated health, mental health, social, educational, and other support services. The LEAs applying for Healthy Start grants must enroll in the LEA Medi-Cal Billing option as a means of generating funds to sustain Healthy Start activities beyond the three- to five-year grant cycle. For those localities without Healthy Start grants, the LEA Medi-Cal billing option provides an alternative source of funding for collaborative, school-linked services.

Contact: Mary Lu Graham, California Department of Education
Phone: (916) 657-3918
Website: www.cde.ca.gov/cyfsbranch/lsp/medi-cal

- *Administrative Claiming*. Administrative claiming is a form of refinancing that makes use of available Title IV-E (child welfare) and Title XIX (Medicaid) administrative funds to cover case management, outreach, eligibility determination, program planning and an array of other administrative costs based on a match of local funding. This strategy entails accounting for local spending on administrative activities duly allowable under a federally approved plan and claiming reimbursement. Once received, these funds become state agency money that can be spent for any state-approved purpose, and are free of any federal restriction whatsoever. Based on an agreement between the state agency and local communities, the federal funds can be

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channeled to the community for reinvestment in community programs for children and their families. By designating a community collaborative as the lead agency for this financing arrangement, the financing strategy becomes a vehicle for not only bringing new revenue to the community for activities it was conducting anyway, but also for strengthening community collaboration and local governance.[24]

Funding a Local Governance Partnership through Title-IV-E Administrative Claiming

The Local Investment Commission of Greater Kansas City, Inc. (LINC) was formed in 1991 to better coordinate human services at the neighborhood level. It is one of 18 state-funded governance partnerships in Missouri that sponsor neighborhood/school-based services aimed at meeting a core set of results for children and families.

In order to establish a stable funding base for community services for vulnerable children and their families, LINC piloted an innovative Title IV-E administrative claiming strategy. In partnership with the Missouri Department of Social Services and local providers, LINC is able to claim federal IV-E reimbursement for allowable administrative expenses related to serving children at risk of entering foster care, including for case management, outreach, eligibility determination, program planning and coordination, and other administrative activities.

DSS contracts with LINC to serve as fiscal agent; LINC, in turn, contracts with an array of local providers, including several public and private agencies not typically considered child welfare programs. Their participation is based on the idea that many agencies provide reimbursable services to the eligible target populations, and these services are often crucial to maintaining child safety and family stability. Local public funds are used as the non-federal match, including city general funds, school district funds, and other local levy and tax revenues. Local expenditures are then certified and documented for claimable purposes.

When the federal Department of Health and Human Services reimburses DSS, the state agency retains a small portion of the funds to defray the costs of administering the strategy. The balance is returned to LINC, which shares the proceeds with the 30 participating partner agencies. In 1999, LINC and its partners realized approximately $2.5 million. Because the Title IV-E administrative funds cover costs that the agencies would have incurred anyway, the reimbursement, in effect, frees up local revenues for other purposes, including increased investments in community-based prevention programs. Moreover, because the state designated LINC, the community collaborative partnership, as the fiscal agent, it went beyond subsidizing local government to strengthen community collaboration and local governance.

Contact: Gayle Hobbs, Executive Director, Local Investment Commission
Phone: (816) 889-5050
Website: www.kclinc.org

Implications for Proposition 10 Financing:

To the extent that Proposition 10 expenditures qualify for federal and/or state matching funds, they can be used to maximize federal and state funding that devoted to supporting community early childhood supports and services. One of the great strengths of maximization strategies is that they hold the potential for creating a sustainable funding base, one that draws down funds, even small amounts of money, in a constant and enduring way.[25] Once started, the flow of funds continues. In

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addition, many maximization strategies involve outreach that results in increases in the public benefits and services going directly to eligible families and children. Also significant is the fact that the strategy is not confined to a single agency or program. Efforts to identify local spending that qualifies for federal reimbursement funding can be implemented horizontally across several programs and services, such as child welfare, juvenile justice, homeless services, and domestic violence.

Again, it is important to emphasize that effectively implementing these maximization strategies will require that the Proposition 10 commissions, the county boards of supervisors, and county agency officials develop close and collaborative working relationships. Without the Proposition 10 dollars, county governments will lack the new source of matching funds. But without the involvement of county government, which controls existing public funding and programs, the Proposition 10 county commissions will have difficulty implementing these leveraging strategies. In addition, inherent in most maximization strategies is the administrative burden associated with tracking and documenting allowable expenditures. Proposition 10 commissioners will need to weigh the level of administrative burden against the anticipated revenues resulting from maximization strategies.

Creating more flexibility in existing categorical funding

Most federal funding streams are categorical. They tend to support programs and services with narrowly defined purposes that provide very specific types of assistance to special categories of children and families who are defined as eligible under federal law. The result at the community level has been a plethora of programs and services that are disconnected, duplicative, and often make it difficult to coordinate and provide the customized help that many children and families require. Another important group of financing strategies is aimed at creating more flexibility in categorical funding. These approaches can be key to supporting comprehensive community support systems and to paying for an array of needed services when one or another funding stream cannot do the job alone. The common objective of these financing strategies is to enable community leaders to provide an array of coordinated community-based supports and services.

- *Pooling.* Pooling is a strategy for combining a portion of funds from several agencies and programs into a unified funding stream that can be allocated in coordination with dedicated local funds like the new Proposition 10 funding. Typically it is accomplished at the state level. For example, to the extent that state and federal requirements allow, state officials may combine a portion of funds from federal block grants and other state programs into block grants to counties and other local entities. Among the significant advantages of pooling is that local grantees have the authority to set their own priorities for the allocation of their share of funding. In addition to covering direct services, pooled dollars can often be used to fund activities such as collaboration, coordination, and program planning, which cannot be funded directly from most categorical funding streams. Moreover, the reporting and paperwork requirements for local grantees may be reduced because they are receiving funding from a single state source.[26]

Many federal funds, especially discretionary grant programs, are not appropriate for pooling because they are restricted and require independent reporting to the federal agencies that administer them.

However, some formula or block grants can be pooled. In combination with state program funding, they can create funding sources that provide local communities significant flexibility in spending to meet the needs of young children and their families. To successfully explore opportunities for pooling, Proposition 10 commissioners will need to work closely with state and county administrators and program managers, because this strategy requires approval by the relevant state agency and administration by county agency officials. Proposition 10 commissioners are likely to be most successful if they approach state officials as a coalition and work cooperatively with their partners in county government as well as other community-based collaboratives in order to demonstrate the broad applicability and benefit of more flexible funding.

Using a Master Contract to Provide Flexible Funding for Comprehensive Services

The Door is a youth development program in New York City that provides comprehensive services to over 5,000 youth ages 12-21 under one roof and at no charge. Built on a vision of comprehensive, accessible services for youth, The Door integrates an array of services on-site:

- Health care and health education
- Career counseling and job placement
- Education, including English for Speakers of Other Languages (ESOL) and GED preparation
- The creative and physical arts
- Food services and nutrition counseling
- Prenatal care and services for adolescent parents, including nursery care
- Mental health counseling
- Substance abuse prevention and treatment services
- Legal counseling and representation
- Youth leadership training; information and referral services
- A variety of support services

In order to support a comprehensive community initiative and minimize administrative burden, The Door negotiated a "master contract" with the State of New York for the provision of an array of services. This master contract eliminates the administrative burden of negotiating separate contracts with a number of government agencies for each service or program, and it gives program managers at The Door increased flexibility in offering services that are tailored to the needs of the children they serve.

Contact: Michael Sizer, Executive Director, The Door
Phone: (212) 941-9090,
Website: www.door.org

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Pooling Funds from State Agencies in Missouri to More Effectively Serve Children and Families

In Missouri, seven agencies pool a portion of their funds to fund community partnerships throughout the state. These community partnerships are required to work toward achieving core results for children and families; however, the funds do not restrict them to prescribed services. Since 1995, seven state agencies have combined approximately $22 million annually in state and federal funds for the Caring Communities Partnerships. The community partnerships, in conjunction with community councils, then further broaden the funding base for the partnerships through local cash and in-kind contributions, as well as state and federal grants and contracts. Some partnerships, such as the Local Investment Commission in Kansas City, have coordinated with state agencies to claim matching entitlement dollars for allowable activities.

Contact: Sandra M. Moore, Chief Executive Officer, The Family Investment Trust
Phone: (314) 531-5505
Website: www.mofit.org

- *Coordination*. In contrast to pooling, which takes place at the state level, coordination is a community- and program-level strategy for aligning categorical funding from a number of agencies and funding streams to support integrated and coordinated service delivery. Categorical funding streams can be tapped and used in combination to support individual components of comprehensive initiatives. If a community governance entity and individual program managers can develop a comprehensive blueprint for supports and services that are needed to effectively support young children and families, then they can usually marshal funding from a number of sources — federal, state, and local — and bundle them. This can include entitlement funds, formula or block grant funds, and discretionary funds. Critical to the success of this approach is a good plan, a good management information system, and a good cost-accounting system for tracking expenditures by funding source in order to properly allocate and report them.[27] In most cases, coordinated financing is most effective when additional non-categorical funding, such as the Proposition 10 funds, is available and can provide the "glue money" to support collaboration and administrative coordination, as well as program components that cannot be funded by existing categorical streams.

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Coordinating Funds to Support an Urban Learning Center

The Elizabeth Learning Center in Los Angeles is a comprehensive urban school that aims to create a learning environment where high-quality teaching is supported by strong connections to the community. Elizabeth Learning Center is one of 27 sites implementing the Urban Learning Centers model, which was developed through collaboration between the Los Angeles Unified School District, United Teachers Los Angeles, the Los Angeles Educational Partnership, and a number of community, education and business partners. Key to the model is the creation of a seamless structure of support for students from within and outside of the school building. The pre-K–12 grade school, which is open from 7:00 AM until 9:00 PM, provides early care and education; health, mental health and social services; adult education; and outreach to the community.

Learning center administrators draw on a number of education and social service funding sources to support this comprehensive menu of services. Funding sources include Los Angeles Unified School District Funds, Head Start funds, state preschool funds, Medi-Cal, state Child Health and Disability Prevention funding, adult education funds, as well as significant in-kind support from parent volunteers. Each funding source supports a specific component of the broad array of coordinated programs and services that are available. The result is a seamless system of educational and social services for students and their families.

Contact: Brenda Steppes, Principal
Phone: (323) 562-0175
Website: www.eslc.k12.ca.us

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Coordinating Funds to Support Early Education

With welfare reform creating new pressure to move low-income parents from welfare to work, the Contra Costa County Community Services Department (CSD) decided to coordinate funding from child care, Head Start, and State Preschool to provide full-day, full-year early education and social support services. Prior to the coordination effort, Contra Costa County's CSD had been administering the federal Head Start program, and the state subsidized child care and preschool programs separately. CSD sought permission from the State Department of Education's Child Development Division and the Federal Administration for Children and Families to collaborate and began a pilot project in 1998. The original pilot model co-located Head Start and child care services with children spending part of the day in a Head Start classroom and part of the day in a traditional child care setting. While this model had the administrative ease of keeping Head Start and child care funding sources separate, children did not experience continuity of care, d turf and cultural issues between child care and Head Start staff posed obstacles to integrated services.

Recognizing the limitations of the original model, CSD implemented a second model that uses Head Start resources to enhance the services provided to eligible children in child care settings. CSD administrators found this model to be successful in preserving continuity of care and have adapted and implemented the model in a number of sites. While the manner in which funds are coordinated depends on the eligibility of children at each site, CSD has succeeded in coordinating funds from Head Start, subsidized child care and state preschool to provide full-day, full-year integrated early childhood education and social support services. Key to their success has been efforts to integrate administrative systems. Prior to the collaboration efforts, there were separate Head Start and Child Development divisions within CSD. To support collaboration, CSD merged the Head Start and Child Development Divisions into one division, called the Family and Children's Services Division. Within this division, eligible part-day Head Start and full-day child development children are being folded into a common unit called Child Start. While the eligibility and services provided to children in the Child Start unit are tracked to meet Head Start, Child Care, and state preschool reporting requirements, within the classroom it is impossible to tell which program children are attached to.

Contact: Pat Stroh, Contra Costa County Community Services Department
Phone: (925) 646-5910

Family resource centers are the embodiment of comprehensive, community support systems. They provide safe, comfortable, neighborhood-based settings for children and families. They are entry points for families with young children to gain access to an array of supports and services — child care; health and nutrition services; parent education and support; literacy training; emergency services; help in gaining access to income supports, Food Stamps and housing subsidies; and employability training. Because they provide many different programs and services, family resources centers typically rely on a number of discrete funding sources — federal, state, local and private. They often draw down funding from many categorical sources and tie it together with foundation funding or other flexible support that enables them to finance the critical capacity to provide and coordinate comprehensive care.[28]

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Coordinating Funds to Provide Comprehensive Family Support Services

Vermont's statewide network of 16 Parent/Child Centers serves as an important hub of services for families and children. The centers provide eight core services either directly or through referrals:

- Home visiting
- Early childhood services
- Parent education
- Peer-to-peer support for parents
- Onsite support services for parents
- Playgroups
- Information and referral on family issues and statewide resources
- Community development

Each of the Parent/Child Centers funds this menu of comprehensive services by piecing together many public and private funding sources. Administrators of state agencies in Vermont recognize the value of the comprehensive, community-based centers and contract with them to provide many services. State funding sources with which Parent/Child Centers collaborate include Healthy Babies, Community-Based Family Resource and Support, Even Start, Success by Six, Family, Infant and Toddler Program, and, the Reach Up Program (Vermont's Welfare to Work Program). Each Parent/Child Center also receives important core funding of approximately $40,000 through a total state appropriation of over $750,000. This core funding supports program planning, collaboration, and other activities essential to linking diverse programs. It also helps pay for program activities for which categorical funding is unavailable.

One example of how funds are coordinated at the site level is the Addison County Parent/Child Center which has 38 funding sources: 7 federal sources, 11 state sources, 2 local public sources, and 18 private sources. These multiple funding streams are combined into one budget and allocated so that families receive seamless services from their center.

Contact: Cheryl Mitchell, Vermont Agency of Human Services
Phone: (804) 241-2220
Website: www.ahs.state.vt.us

- *Decategorization.* A third strategy for creating more flexibility in categorical funding streams is decategorization. Like pooling, decategorization, typically occurs at the state level. Unlike pooling, however, it actually eliminates the boundaries between categorical programs and creates a consolidated spending authority. Usually it requires state legislative action. In some cases, this formal legislative action comes at the beginning of the reform process and actually creates the public mandate and impetus for changing the service delivery system. In others it takes place after a significant period of experimentation and institutionalizes new ways of doing business that have developed quietly over a number of years. Passage of federal welfare reform legislation in 1996 introduced a window of opportunity for decategorization, since most states needed new authorizing legislation to enable them to spend federal funds they received through TANF.[29]

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The goal of decategorization is to:

1) Emphasize community decision-making and planning rather than state micro-management.

2) Move toward more comprehensive rather than narrowly defined and targeted services.

3) Create incentives for localities to design less costly community-based services rather than expensive intensive treatment.

Where decategorization has been successfully implemented, more than 30 separate funding streams have been consolidated and authority for spending has been shifted from state agencies to local governance entities, much like the Proposition 10 commissions, that represent an array of community stakeholders, including the public agencies and private organizations that receive funding. In Iowa, for example, decategorization has been an effective way of creating a continuum of services for children and youth and of redirecting funds from institutional services toward community-based programs. By moving decision making to the local level and allowing flexibility in the use of funds previously constrained by categorical restrictions, counties have been able to develop new services for specific populations.[30] It is important to stress, however, that this financing strategy does not stand alone. It is part of a broader vision about how the child and youth service system should operate. The financing strategy is a vehicle for driving reform.[31]

Decategorization in Iowa to Support Local Decision Making

Iowa's Decategorization Initiative was launched to create a flexible funding source to support local efforts to address the needs of children at risk of out-of home placement because of abuse and neglect. Since 1987, the state has consolidated more than 30 separate state funding streams, each governed by separate rules and mixes of state, federal, and local funding responsibility, and allowed local jurisdictions to use these categorical program funds to fund child welfare services in flexible ways. Decisions on the allocation of these funds, which include monies from mental health, juvenile justice, foster care, in-home service, institutional care, and state direct service worker funds, are made by county-level agencies including the Human Service Agency, Board of Supervisors, Juvenile Court and others.

Contact: Barry Bennett, Iowa Department of Human Services
Phone: (515) 281-8164
Website: www.dhs.state.ia.us/HomePages/DHS/decatprj.htm

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Decategorizing Health Funds to Deliver Integrated Services

The Monroe County Health Department in Rochester, New York has decategorized seven funding streams into one Child and Family Health Grant to support the delivery of integrated health services. In order to reduce administrative burden and fragmentation of services, Monroe County Health Department administrators negotiated with the state to combine the following separate funding streams into a single Child and Family Health Grant:

- Early Intervention/EI CARES
- Community Health Workers
- WIC
- Pediatric and Adult Immunizations
- Lead Poisoning Prevention
- Family Support/Infant Mortality Review
- School Health

Key to garnering support for decategorization was a shift to accountability for results. State officials were willing to trade off separate and detailed budgets for each of the programs for the establishment of overall goals and the tracking and reporting of outcome data. Decategorization has facilitated integration of services — the Health Department has co-located staff, established a single point of entry and common intake form, and created teams to deliver coordinated services to clients. The administrative benefits are also significant — the county is now responsible for one annual workplan and budget rather than seven, produces five program and fiscal reports annually rather than over 20 program reports and 30 fiscal reports, and uses a single fiscal year for all funding rather than three separate fiscal years.

Contact: Sandra Berg, Monroe County Health Department
Phone: (716) 274-6000

Implications for Proposition 10 Financing:

Proposition 10 funding to the California counties is flexible. Therefore, the county commissioners have the opportunity to work with state officials and other local leaders and coalitions of service providers to encourage the development of comprehensive community early childhood supports and services. Working together, the Proposition 10 commissions have a significant opportunity to encourage the creation of state funding pools and to use their resources at the community level to fund the infrastructure for effective comprehensive community systems and service components for which other federal and state funding are not available.

Building public-private partnerships

Another important category of financing strategies that can extend the reach of public-sector funding is the creation of public-private partnerships. Partnerships between government, community non-profit organizations, charitable foundations, corporations, and the faith community provide valuable avenues for broadening the base of financial support for community early childhood programs and services and providing new leadership for these initiatives.

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Each public-private partnership is unique. Yet effective partnerships share several key characteristics:[32]

- ✓ They bring together representatives from the public sector who derive authority from federal, state, or local government entities, and representatives from the private sector — business, philanthropy, parents, and community organizations — around an agenda of common concern.
- ✓ All partners contribute resources — time, money, expertise, or other resources — and find opportunities to gain from the joint endeavor.
- ✓ Partners work together toward common goals or objectives for young children and their families.
- ✓ Decisionmaking and management responsibilities are shared among the partners.

In the past, partnerships between the public and private sectors often amounted to government and the non-profit community going to business leaders with an agenda and seeking financial support. Increasingly, however, effective partnerships are much more mutual, active, and ambitious. Bringing together a wide variety of public- and private-sector stakeholders can increase leveraging potential, build public will, and widen the technical assistance available to address the needs of young children and their families.

- ♦ *Leveraging.* Through public-private partnerships, community leaders have significant opportunities to expand the fiscal foundation for early childhood initiatives. Increasingly, many community-based foundations and business leaders, as well as large national corporations and foundations, see early child development and family support as important and productive investments — ones that have significant pay-off in the quality of life in their communities and in businesses' bottom line. The new Proposition 10 funding presents exciting possibilities for attracting and matching foundation and corporate funding to cover start-up costs for new initiatives and to expand current programs and services.

Several major new initiatives launched by private foundations and corporations provide attractive financial opportunities for community groups that are committed to building communitywide early care and education, health care and family support systems. The Lucent corporate foundation, for example, has recently announced plans for an ambitious new initiative to expand and strengthen prekindergarten programs in states and communities across the country. The United Way of America's Success by Six program, which provides funding and technical assistance for community efforts to improve school-readiness, has recently expanded its community partnership programs with significant support from NationsBank. The Annie E. Casey Foundation has launched a large multi-year initiative to invest intensively in a number of communities to improve the quality of neighborhoods where families rearing children live and to expand the supports and services that are available to them, including early childhood programs.

All of these new initiatives, as well as many others, require local funding to match private contributions. Just as the Proposition 10 funds can be a powerful tool for leveraging additional federal funding, they can also enhance the possibilities for California communities to attract new private-sector funding for young children and their families.

Using Public Funds to Leverage Private Funds in North Carolina

Smart Start is a comprehensive early childhood initiative with a state-funded budget that has grown to nearly $230 million in six years. The initiative consists of a statewide partnership that administers the Smart Start funds and sets policy, and county-level partnerships that design and implement services and programs for children based on community needs. For every $10 Smart Start receives in state funding, a one dollar match is required (from cash or in-kind sources). This match is raised at both the state and county levels. At the state level, the governor and other Smart Start leaders have enlisted the financial support from a number of large North Carolina-based corporate partners. At the county level, the partnerships seek matching support from local businesses, religious groups, and community charities, as well as local tax dollars, to help them achieve their goals.

Since Smart Start began, over $30 million in cash and in-kind contributions has been raised from both public and private sources.

Contact: Monica Harris, North Carolina Partnership for Children
Phone: (919) 821-7999
Website: www.smartstart-nc.org

One especially important focus of public-private partnerships has been the development and implementation of community facilities funds. Because the quality of facilities that serve young children and their families is so critical to the quality of programs and services, and because it is not possible to expand programs without adequate spaces in which to operate them, generating new sources of funding for community facilities is an urgent priority. Many public funding sources, as well as foundation grants, prohibit or significantly limit spending on bricks and mortar and equipment. In addition, early childhood providers rarely have access to the traditional sources of debt capital that would enable them to invest in building new facilities and upgrading existing ones.

As a consequence, public- and private-sector leaders in a number of communities have begun to work together to create grant and low-cost loan funds to provide support for building and renovating child care centers, community resource centers, and neighborhood health clinics. These funds are designed and capitalized to fill the gap between loans that commercial lenders will make and those that child care providers and family support programs can support. They creatively combine funding from foundations, corporations, community development banks, and local government. In addition, many community facilities funds can also be used to provide technical assistance that builds the capacity of providers to undertake and manage facilities projects, influence attitudes about debt and facilities investment, and provide development and finance expertise to specific projects. By using facilities funds to expand and improve the facilities in which early childhood programs operate, communities have a promising avenue by which to increase the quality and supply of these programs.[33]

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Using Public Dollars to Leverage Private Investment in Child Care

The San Francisco Child Care Facilities Fund (CCFF) has used public-sector dollars to leverage both foundation and business investment to support the development and renovation of child care facilities. Launched in January 1998, the CCFF was created by the San Francisco Board of Supervisors to create new child care facilities (center-based and home-based) to meet the increasing demand for child care in the wake of welfare reform.

The Board of Supervisors initially allocated $200,000 in city funds to support the project and increased their allocation to $600,000 for the second year of the project. In addition, a city developer fee that has existed since 1985 provides sustainable public funding for CCFF. The developer fee is generated through a law requiring that any new office or hotel building include space for a child care center, or developers must pay a fee to the Child Care Capital Fund. A portion of the Child Care Capital Fund goes to the CCFF. Fund administrators have used these public investments to leverage investments from foundations such as the Miriam and Peter Haas Fund, as well as a major consumer lender, the Providian Financial Corporation. Providian Financial Corporation's investment in the fund helps Providian to meet the requirements of the Community Reinvestment Act (CRA), a federal law requiring banks to help meet the credit needs of the local communities in which they are chartered. The CCFF provides a win-win opportunity — Providian benefits from the opportunity to make investments that meet CRA requirements, and the city as a whole benefits from increased development of child care facilities.

The CCFF offers small grants to family child care providers to meet one-time capital expenses, such as minor renovations to meet licensing requirements. It also offers low-cost loans to improve the quality, safety, and overall environment of centers. Recipients of funds also receive technical assistance in the areas of facilities renovation and business management skills.

Contact: September Jarrett, San Francisco Child Care Facilities Fund
Phone: (415) 777-9804

- *Public Will.* Establishing a broad and unified constituency in favor of comprehensive early childhood supports and services can help to leverage funds as well as willingness to implement innovative reforms. Beyond presenting new opportunities to generate private-sector financial support, public-private partnerships create valuable opportunities to build new shared public-private-sector leadership for early childhood investments. Business leaders, community leaders, foundation executives, and religious leaders can be influential spokespersons. Their involvement in community initiatives can provide visibility and credibility that is critical to building a broad base of support, including financial support. Their willingness to speak out can call needed attention to the importance of early child development and can significantly influence the behavior of parents, employees, employers, and government agencies. Their policies and practices as employers and active community leaders can also serve as a convincing model for their peers. The new Proposition 10 county commissions present a rich opportunity to mobilize a broad constituency, including public- and private-sector leaders, to champion early childhood investments and family-friendly policies and practices.

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Engaging Business Leaders to Increase the Availability of Quality Child Care

Business leaders in Florida are expanding the reach of state child care subsidies and providing new leadership on child care issues through the Child Care Executive Partnership. The initiative originated with research funded by a grant from the federal government showing that employees who receive subsidized child care in Florida are clustered in industries such as banking, fast food, retail, and temporary services. These findings were presented at a 1995 child care financing symposium for key legislators, governor's staff, and employers. Discussions at the symposium led to the creation of the Child Care Executive Partnership, which was established by the legislature as part of its welfare reform legislation in 1996.

Employers may participate in the initiative in two ways:

1. An employer may make a donation to subsidize child care for its own employees, which automatically moves the employee off the waiting list to receive a state subsidy for child care.

2. An employer may make a charitable donation to a purchasing pool that funds child care subsidies for families in the community. Local purchasing pools exist in 44 of Florida's 67 counties.

All donations by employers are matched by the state using Child Care and Development Fund dollars. Over $6 million has been raised from private sector sources since the Partnership originated.

The Partnership is governed by a board appointed by the governor that includes business executives, members of the child care community, and the governor's chief of staff. Besides providing funding for child care subsidies, the Child Care Executive Partnership has become a "new messenger" in the campaign to raise awareness of child care issues. The board is active in reviewing existing policies and making recommendations on how to improve child care licensing, coordinate child care and prekindergarten programs, and encourage family-friendly workplaces.

Contact: Susan Muenchow, Florida Children's Forum
Phone: (850) 681-7002
Website: www.fcforum.org

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Engaging Private-Sector Leaders in Indiana

The Indiana Child Care Financing Symposium Initiative has successfully mobilized a broad constituency of public- and private-sector stakeholders in efforts to increase the supply and improve the quality of child care throughout the state.

The initiative began in 1995 as an annual symposium hosted by the Indiana Family and Social Services Administration. The goal of the symposium was to engage private employers in efforts to expand and improve child care. Seventeen county-based teams of public- and private-sector stakeholders attended the symposium the first year, learned about child care issues and strategies, and began discussing local child care issues. From the initial symposium in 1995, the initiative evolved into a local child care planning process. County teams, which are comprised of leaders from the public and private sectors, assess child care needs and develop and submit proposals to the Indiana Family and Social Services Administration. Plans are approved and funded based on the strength of the team and the quality of the plan. The state funding is used to support the planning process and to leverage other public- and private-sector resources.

In 1998-1999, all 92 Indiana counties participated in the Symposium Initiative. Each local team is assigned a mentor from the private sector who shares expertise in financing, marketing, and managing. A wide variety of activities are included in local plans, such as media campaigns, the creation of new and refurbished child care centers, professional development activities, and the establishment of local child care/business liaisons to maintain local business involvement in child care. The Symposium Initiative has also led to the establishment of the Indiana Child Care Fund, which provides resources for child care initiatives statewide. By late 1999, $300,000 in private funds had been committed to the fund.

Contact: Carole Stein, Policy Analyst, Indiana Family and Social Services Administration
Phone: (317) 232-1148
Website: www.state.in.us/fssa/HTML/inChildFinancing.html

- *Technical Assistance.* Public-private partnerships also create opportunities for sharing knowledge, skills, and technical resources that are needed to create and sustain an effective system of supports and services for young children and their families. This can take a variety of forms. In some cases businesses share their management, accounting, management information systems, and administrative skills and expertise to help community partnerships develop the underlying infrastructure for comprehensive community systems. They can also help link the creation, expansion, and improvement of community programs and services to state and community economic development initiatives. Moreover, they can help organize and coordinate participation from the business community through business commissions, roundtables, and blue-ribbon committees.[34]

Through partnerships, government and community organizations also provide technical assistance that is valuable to business leaders and community employers. They can link employers with child care resource and referral organizations that offer both expertise and data to help employers create and implement appropriate child care options for their employees. They can help employers and business organizations design surveys of

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community service needs (e.g., for child care and family support services). They can develop informational materials and "toolkits" for employers and employees to help them gain access to community programs and services. And they can sponsor public awareness campaigns. [35]

Joining Together to Address Work/Life Issues

In the San Francisco Bay Area, One Small Step is providing a vehicle through which public- and private-sector employers can share information on child care and other work/life issues. Founded by the United Way of the Bay Area in 1986, One Small Step (OSS) is a regional employer association that encourages the development of employee support initiatives, such as child care. It includes more than 70 employers from both the public and private sectors throughout a nine-county area. OSS has established itself as a regional clearinghouse where employers can efficiently access information and assistance for addressing work/life issues. Through a variety of activities —conferences, roundtable discussions, publications, research projects and referrals — Bay Area employers regularly exchange ideas and information on effective work/life initiatives.

Contact: Judy David Bloomfield
Phone: (415) 772-4315
Website: www.onesmallstep.org

Sharing Expertise through Public-Private Partnership

The Maryland Child Care Resource Network is an example of how businesses, government, and community organizations can share expertise and skills to create mutual benefits.

In 1988, Maryland business leaders' concerns about child care led to the creation of the Employers' Advisory Council on Child Care. The Council, which included leaders of many major businesses in Maryland, was asked by the governor to study existing child care resources and make recommendations for improvements. Over the course of a year, the Council completed an assessment of Maryland's child care delivery system, compared it to national models, and proposed a public-private partnership to create a child care resource and referral network across Maryland. They proposed establishing a Statewide Child Care Resource Center and three Regional Child Care Resource Centers during a three-year demonstration phase. The child care resource centers would provide child care referral information to parents, and technical assistance to potential child care providers and employers. The Maryland General Assembly approved the proposal, with one-third of the funding for the project raised by the Employers' Advisory Council and the remainder allocated by the state. As a result of the success of the network in its first three years, the General Assembly funded the network beyond the demonstration phase, and in 1997 approved funding to add 10 regional centers to the original three.

The involvement of business leaders in the initiative had both political and programmatic implications. Politically, the clout of the Employers' Advisory Council helped to garner quick support from the Maryland General Assembly for Council recommendations. Programmatically, the Council placed emphasis on clear definitions, consistent delivery of core services, quality standards and data collection. Now that the network is established, it offers a range of technical assistance services that help employers understand and respond to their employees' child care needs.

Contact: Frank Blanton, Maryland Committee for Children
Phone: (410) 752-7586
Website: www.charm.net/-mcc/ccrn.html

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Implications for Proposition 10 Leaders:

The Proposition 10 commissions are intended to bring together leaders from many parts of each California county to work together to establish priorities for local investments in young children and their families. Because the Proposition 10 funds are flexible, these partnerships provide a rich opportunity for building a broad base of support for strengthening existing programs and services and for launching new community initiatives. They can create new opportunities for leveraging public- and private-sector funding. They are structured to build a broad constituency and foster strong local leadership. And they are positioned to help bring the knowledge and technical resources of businesses and foundations to support community-based organizations.

V. Summary: Keys to Successful Financing

The 1998 passage of Proposition 10, the Children and Families First Act, created a new and potentially powerful vehicle for enhancing and expanding community-based supports and services for California's youngest citizens. The law gives the Proposition 10 county commissions wide latitude to set priorities for investment, manage their funds, allocate resources, and track the results. Their experience will be watched carefully by public- and private-sector leaders and children's advocates nationwide. To the extent that they produce meaningful improvements in the lives and future prospects of young children and their families, Proposition 10 may serve as a model for other states.

Critical to the success of the new initiative is the ability of the county commissions to use dedicated early childhood funding effectively to create new program and service components and to improve the quality and expand the reach of existing ones. An important focus of these efforts will be on developing more comprehensive, coherent, and connected programs and services to address the needs and priorities of citizens in each county. An equally important focus will be on enhancing the sustainability of promising initiatives. Partly, this will depend on the county commissioners understanding the needs of young children and families in their communities; identifying the gaps in current programs, services, and systems; and taking steps to fill them using the new Proposition 10 funding. Partly, it will depend on their ability to work with their county boards of supervisors, existing county agencies, and nonprofit organizations to adopt a communitywide vision for young children and families and work together to bring about positive change. Successful use of the new tobacco revenues to leverage a sustainable funding base for community early childhood supports and services will ultimately depend on how effectively the Proposition 10 commissions can work with the elected and appointed leadership in their counties.

To achieve these ambitious goals, the Proposition 10 commissioners will be challenged to design and implement financing strategies that can strengthen the short- and long-term value of the new tobacco revenues. They will be called upon to think and act not just as funders, charged with allocating revenues, but also as fund managers, with responsibility for investing wisely today in order to grow the funding base to meet future projected fiscal needs. They should see themselves as venture fund managers with responsibility for working with the county boards and county agencies to invest the new Proposition 10 funds to produce the greatest return.

Developing sound financial plans is a matter of knowledge, skill, positioning, and plain old good luck. This paper is intended to help with the first three of these. It outlines an array of financing strategies to help the Proposition 10 commissioners think about how they can help make the most of the new revenues that will be generated by the tobacco surtax. It includes approaches to make better use of resources already being expended on young children and their families, maximize federal funding for early childhood programs and services, create more flexibility in categorical funding streams, and build effective public-private partnerships. Taken together, they offer a host of possibilities. Not all of these strategies will be right for every county. But each county commission should find some approaches that can be applied to its particular needs and circumstances. To be effective, financing strategies should be aligned closely with policy, program, and systems-reform goals. They should reflect and reinforce a clear investment agenda. They must take realistic account of what the short-term and long-term fiscal needs are. And in the end, they should create a portfolio that knits together several approaches that take best advantage of available resources and address specific needs.

VI. Appendix A: Federal Funding Sources for Early Childhood Supports and Services

The 59 federal programs listed below have been identified as providing funding for early childhood supports and services. Following the list is an index that categorizes the programs according to five major types of services that they can support:

- Basic Needs
- Family Support
- Child Development and Preschool Education
- Health and Mental Health
- Infrastructure

The list provides a brief description of the major function of each program. For a more detailed description including the application process, matching requirements and contact information, see the Finance Project publication *Federal Funding for Early Childhood Supports and Services: A Guide to Sources and Strategies.*

Entitlement Programs

The following programs have open-ended appropriations that provide funding to serve all children and families that meet the program's eligibility criteria. Generally, the federal funds provide a "match" or reimbursement for public expenditures and flow to the state agency that administers the program. These programs are important because they can provide a sustainable source of funding for programs. Close coordination with the administering state agency is necessary to access funding under these programs.

- *Adoption Assistance (Title IV-E)* – Provides funding to subsidize the costs of adopting children with special needs and to support related training and administrative costs.

- *Child and Adult Care Food Program* – Reimburses eligible institutions (including child care providers) for the cost of nutritious meals and snacks provided to children in nonresidential day care programs.

- *Foster Care (Title IV-E)* – Provides funding to support the daily cost of foster care, training, and related costs such as clothing, incidentals, and day care costs, as well as preventive services. Also provides funding for related administrative costs.

- *National School Lunch Program* – Funds are used to reimburse institutions for meals served to children in families that are income-eligible. Meal supplements may be paid to after-school care programs.

- *School Breakfast Program* – Funds are used to reimburse participating schools for breakfasts served to income-eligible children.

- *Summer Food Service Program for Children* – Funds are used to reimburse institutions which provide free meals to children (generally May through September) in areas where at least 50% of the children meet income eligibility for free and reduced lunch.

- *Supplemental Security Income (SSI)* – Funds are used to make payments to individuals age 65 or older, or to individuals of all ages who are blind or disabled.

- *Title XIX (Medicaid)* – Provides funding to states for medical assistance for low-income eligible individuals. Medicaid also provides funding for administrative functions, including outreach to eligible families.

Formula (or Block) Grants

These programs have capped appropriations that provide a fixed amount of funding to states or localities based on established formulas, which vary from grant to grant but generally require a state match. Some of these grants allow states considerable flexibility in determining how funds are allocated, while others are more prescriptive.

- *Child Abuse and Neglect State Grant Program* – Funds child welfare activities such as intake, assessment, and ongoing case management.

- *Child Care and Development Block Grant (Discretionary Fund)* – Provides funding to develop child care programs and policies. These funds are primarily targeted to families with children under age 13 whose income is less than 85% of the state median income.

- *Child Care and Development Fund (Mandatory and Matching Funds)* – Provides funding to develop child care programs and policies. These funds are primarily targeted to families with children under age 13 whose income is less than 85% of the state median income. States must use at least 70% of these funds to assist families who are transitioning off of TANF or who are at risk of becoming dependent on assistance programs.

- *Child Welfare Services – State Grants (Title IV-B)* – Provides funding to support child welfare services, including child protective services, prevention and reunification.

- *Community Services Block Grant (CSBG)* – Provides funds to states that must be subgranted to not-for-profit organizations to provide services that address the causes of poverty. Funds can support activities that remove obstacles to self-sufficiency for low-income families and that promote youth development. (Note: Project grants are also available under this program for community economic development, rural community development, and neighborhood innovation projects.)

- *Community-Based Family Resource and Support Grants* – Funds are used to assist states to develop and implement or expand and enhance a comprehensive system of community-based family resource and support services.

- *Cooperative Extension Service* – Provides funding to designated land-grant institutions to create programs that help people and communities to improve their own lives. (Note: Project grants are also periodically available under this program.)

- *Education for Homeless Children and Youth* – Funds may be used for a variety of activities to ensure educational success for homeless children, such as providing school supplies tutorial programs and enrichment programs.

- *Family Preservation and Support Services (Title IV-B.2)* – Funds may be used to support community-based family support services that promote the safety and well-being of children and families through enhanced family functioning and child development.

- *Family Violence Prevention and Services (Grants to States and Indian Tribes)* – Funds are used to prevent family violence and to provide shelter and related assistance to victims of family violence.

- *Homeless Children Nutrition Program* – Reimburses state, city, or local governments, other public entities, and private nonprofit organizations for providing meals to homeless children.

- *Maternal and Child Health Services Block Grant – Title V* – Provides funds to states to develop systems of care to provide health services and related activities for pregnant women, infants, mothers and children.

- *Migrant Education - Basic State Grant Program* – Provides funds to support educational programs for children whose parents are migratory agricultural workers or fishers who have moved across school district lines to obtain seasonal employment.

- *Refugee and Entrant Assistance - Targeted Assistance* – Provides funds to support employment-related activities and other social services for refugees, Amerasians and entrants.

- *Social Services Block Grant (Title XX)* – Provides funding for a range of services that prevent, reduce, or eliminate dependency and promote self-sufficiency; prevent neglect and abuse of children and adults; and prevent or reduce inappropriate institutional care.

- *Temporary Assistance to Needy Families (TANF)* – The program that replaced the entitlement program AFDC that can be used to support a range of services that promote self-sufficiency for low-income families.

- *Special Education Preschool Grants* – Provides funds to state education agencies to support a free appropriate public education to preschool children with disabilities.

- *Special Education Grants for Infants and Families with Disabilities* – Provides funding to states to support early intervention services for infants and toddlers with disabilities and their families.

- *Special Milk Program for Children* – Reimburses participating institutions for milk consumed by students. Institutions such as public and private nonprofit nursery schools, child care centers, public and private nonprofit schools, and summer camps may participate.

- *State Children's Health Insurance Program (Title XXI, CHIP)* – Provides states and territories with funds to initiate and expand child health coverage to uninsured, low-income children. Up to 10% of funds may be spent on nonbenefit activities that include outreach and administration.

- *Title I Grants to Local Education Agencies* – Provides funds to help local education agencies and schools improve results for children who are most at risk of failing to meet state academic standards.

- *WIC (Special Supplemental Nutrition Program for Women, Infants, and Children)* – Provides funds to pay for supplemental foods, nutrition education, and health care referrals for income-eligible pregnant and postpartum women and children up to 5 years of age.

Discretionary (or Project) Grants

These programs have capped appropriations for specific project grants awarded on the basis of competitive applications. Depending on the provisions of the program, applicants may be a state or local, public or private entity. While some discretionary grants (for example, Head Start) are well established and strongly supported, many are smaller, time-limited programs that do not offer sustainable funding. A growing number of discretionary grant programs require collaborative efforts by a consortium of community agencies and organizations.

- *Abandoned Infants* – Funds family support services, such as respite care and home visiting, to prevent the abandonment of infants and young children.

- *Child Care Access Means Parents in School Program* – Provides funds to institutions of higher education to establish campus-based child care programs that support low-income parents in completing post-secondary education.

- *Childhood Lead Poisoning Prevention Programs* – Provides funding to state health departments or other relevant state agencies for prevention and monitoring of childhood lead poisoning in communities with demonstrated high-risk populations.

- *Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances* – Provides funds to states to support a community-based system of care for children and adolescents suffering from serious emotional disturbances and their families.

- *Early Head Start* – Funds comprehensive child development and family support services for low-income families with children under the age of 3.

- *Emergency Medical Services for Children* – Provides funds to states and schools of medicine to expand and improve emergency medical services to children in need of treatment for trauma or critical care.

- *Even Start (Indian Tribes and Tribal Organizations)* – Provides funds to Indian tribes and tribal organizations for family literacy programs that integrate early childhood education, adult literacy or adult basic education, and parenting education. Targeted to low-income families with children aged 7 and younger and parents with a low level of adult literacy or proficiency in English.

- *Even Start (Migrant Education)* – Provides funds to state, local, and private nonprofit agencies for family literacy programs that integrate early childhood education, adult literacy or adult basic education, and parenting education. The program is targeted to families with children aged 7 and younger and parents who are migratory agricultural workers or fishers with a low level of adult literacy or proficiency in English.

- *Even Start (State Educational Agencies)* – Provides funds to state education agencies to work in collaboration with community organizations to create family literacy programs that integrate early childhood education, adult literacy or adult basic education, and parenting education. Targeted to low-income families with children aged 7 and younger and parents with a low level of adult literacy or proficiency in English.

- *Family Support Model Demonstration Projects (under the Projects of National Significance Program)* – Funds are used to develop and implement or expand and enhance a comprehensive system of family support for families of children with disabilities.

- *Foster Grandparent Program* – A Corporation for National Service program that supports stipends for income-eligible individuals 60 years or older who serve infants, children and youth with special or exceptional needs.

- *Goal 2000 Parental Assistance Program* – Provides grants to nonprofit organizations and nonprofit organizations in consortia with local education agencies to establish parental information and resource centers that help parents to better understand and address their children's developmental and educational needs.

- *Head Start* – Provides funding to public entities and private nonprofit agencies to provide comprehensive educational, social, nutritional, and health services to low-income preschool-age children and their families.

- *Health Center Grants for the Homeless* – Provides grants to public entities and private non-profit organizations to provide outreach, information, and primary health care to homeless individuals.

- *Healthy Schools, Healthy Communities* – Provides funding to public and private nonprofit community-based health care entities to establish school-based health centers which provide comprehensive primary and preventive health care services.

- *Healthy Start Initiative* – Provides funding to public and private nonprofit organizations that aim to reduce infant mortality through comprehensive community-oriented approaches to improving low-income women's access to quality, early prenatal care.

- *HIV Demonstration Program for Children, Adolescents, and Women* – Provides funding to primary care providers that are public or nonprofit entities for activities to support, improve, and expand the system of comprehensive care services for children, youth, women, and families who are infected with or affected by HIV and AIDS.

- *Indian Child Welfare Act - Title II Grants* – Provides funding to Indian Tribal governments to support child welfare services that promote the stability and security of Indian tribes and families.

- *Public and Indian Housing Drug Elimination Program* – Provides funds to public housing authorities and tribes for activities to reduce drug abuse in public housing. Funds may be used for a variety of activities, including drug abuse prevention, referral, and treatment.

- *Safe Schools/Healthy Students Initiative* – Provides funds to local education agencies to support services that help students develop skills and emotional strength to promote positive mental health. Examples of activities include social skill building, mentoring, student assistance, family therapy, and staff professional development.

- *Safe Start Demonstration Project* – A project administered by the Department of Justice with the purpose of reducing and preventing the impact of family and community violence on young children. Project funds are granted to state and local public agencies on behalf of a community-based collaborative to develop a comprehensive service delivery system to assess, address, and prevent children's exposure to violence.

- *Social Services Research and Demonstration Grants* – Provides funds to governmental entities, colleges, nonprofit and for-profit organizations for innovative research, demonstrations, and evaluations that address family self-sufficiency, healthy development, and the greater social well-being of children and families.

- *Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities* – Provides funds to state and local education agencies, institutions of higher education, private nonprofits, and tribes to ensure that personnel working children with disabilities have the necessary skills and knowledge to do so effectively.

- *Twenty-First (21st) Century Community Learning Centers* – Provides funds to rural or inner-city public elementary or secondary schools, a consortia of such schools, or local education agencies to provide an array of education, health, social service, recreational, and cultural programs which include extended learning opportunities.

Direct Payments

These programs have capped appropriations that support direct assistance to individual beneficiaries who satisfy federal eligibility requirements. (Note: There are also some entitlement programs that are direct payment programs, for example Supplemental Security Income. For our purposes, we have listed all programs with uncapped appropriations under entitlements).

- *Family Unification Program* – A HUD program that provides funding for rental vouchers to promote family unification. Families whose lack of adequate housing is the primary factor in out-of-home placement of children are eligible.

- *Food Stamps* – Provides eligible families with food stamps benefits which may be used in participating retail stores to buy food for personal consumption. Also provides funding for administration, including nutrition education.

- *Indian Social Services - Child Welfare Assistance* – Provides funds to pay for foster care (in a home or non-medical institution), and for other special needs relating to the care of a child.

- *Refugee and Entrant Assistance State-Administered Programs* – Provides funds for maintenance, medical assistance, and social services for the purposes of resettlement for refugees.

- *Section 8 Rental Certificates/Vouchers* – Provides rental assistance payments to participating owners for safe and sanitary housing for low-income families.

VII. Appendix B: Index to Federal Funding Sources By Service Domain

INDEX TO FEDERAL FUNDING SOURCES BY SERVICE DOMAIN				
	TYPE OF FEDERAL PROGRAM			
SERVICE DOMAINS	ENTITLEMENTS	FORMULA OR BLOCK GRANTS	PROJECT OR DISCRETIONARY GRANTS	DIRECT PAYMENTS
Basic Needs • Income • Food • Shelter • Clothing • Parental Employment/ Training • Out-of-Home Placements • Emergencies	✓ Adoption Assistance – Title IV-E ✓ Child and Adult Care Food Program ✓ Foster Care - Title IV-E ✓ National School Lunch Program ✓ School Breakfast Program ✓ Summer Food Service Program for Children ✓ Supplemental Security Income	✓ Family Preservation and Support Services (Title IV-B.2) ✓ Family Violence and Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes ✓ Homeless Children Nutrition Program ✓ Social Service Block Grant (Title XX) ✓ Special Milk Program for Children ✓ Temporary Assistance to Needy Families (TANF) ✓ (WIC) Special Supplemental Nutrition Program for Women, Infants and Children	✓ Abandoned Infants ✓ Demonstration Grants for Residential Treatment for Women and Their Children ✓ Foster Grandparent Program ✓ Grants for Residential Treatment Programs for Pregnant and Postpartum Women ✓ Indian Child Welfare Act-Title II Grants	✓ Family Unification Program ✓ Food Stamps ✓ Indian Social Services-Child Welfare Assistance ✓ Refugee and Entrant Assistance-State Administered Programs ✓ Section 8 Rental Certificate/ Voucher Program

INDEX TO FEDERAL FUNDING SOURCES BY SERVICE DOMAIN				
	TYPE OF FEDERAL PROGRAM			
SERVICE DOMAINS	ENTITLEMENTS	FORMULA OR BLOCK GRANTS	PROJECT OR DISCRETIONARY GRANTS	DIRECT PAYMENTS
Family Support • Respite and Crisis Care • Parent Education • Family Resource Centers • Child Abuse Prevention • Needs of Newcomer Families		✓ Child Abuse and Neglect State Grants ✓ Child Care and Development Block Grant ✓ Community-Based Family Resource and Support Grants ✓ Cooperative Extension Service ✓ Even Start-State Education Agencies ✓ Family Violence and Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes ✓ Migrant Education – Basic State Grant Program ✓ Promoting Safe and Stable Families (Title IV-B.2) ✓ Refugee and Entrant Assistance-Targeted Assistance ✓ Social Service Block Grant ✓ Special Education Grants for Infants and Families	✓ 21st Century Community Learning Centers ✓ Abandoned Infants ✓ Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances ✓ Demonstration Grants for Residential Treatment for Women and Their Children ✓ Early Head Start ✓ Even Start-Indian Tribes and Tribal Organizations ✓ Even Start-Migrant Education ✓ Family Support Model Demonstration Projects (under the Projects of National Significance Program) ✓ Goals 2000: Parental Assistance Program ✓ Grants for Residential Treatment Programs for Pregnant and Postpartum Women ✓ Healthy Schools, Healthy Communities ✓ HIV Demonstration Program for Children, Adolescents ✓ Indian Child Welfare Act – Title II Grants ✓ Public and Indian Housing Drug Elimination Program	✓ Refugee and Entrant Assistance State-Administered Programs

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INDEX TO FEDERAL FUNDING SOURCES BY SERVICE DOMAIN				
	TYPE OF FEDERAL PROGRAM			
SERVICE DOMAINS	ENTITLEMENTS	FORMULA OR BLOCK GRANTS	PROJECT OR DISCRETIONARY GRANTS	DIRECT PAYMENTS
Child Development and Preschool Education • Child Development • Child Care • Head Start and Early Head Start • Preschool • Special Needs • Early Intervention	✓ Adoption Assistance - Title IV-E ✓ Foster Care – Title IV-E	✓ Child Care and Development Block Grant – Discretionary Fund ✓ Child Care and Development Block Grant – Mandatory ✓ Education for Homeless Children and Youth ✓ Even Start – State Educational Agencies ✓ Migrant Education-Basic State Grant Program ✓ Social Services Block Grant (Title XX) ✓ Special Education – Preschool Grants ✓ Special Education – Grants for Infants and Families with Disabilities ✓ Title I Grants to Local Education Agencies ✓ Temporary Assistance to Needy Families (TANF)	✓ Twenty-First (21st) Century Community Learning Centers ✓ Child Care Access Means Parents in School Program (CAMPIS) ✓ Early Head Start ✓ Even Start-Indian Tribes and Tribal Organizations ✓ Even Start-Migrant Education ✓ Family Support Model Demonstration Projects (under the Projects of National Significance Program) ✓ Goals 2000: Parental Assistance Program ✓ Grants for Residential Treatment Programs for Pregnant and Postpartum Women ✓ Head Start ✓ Indian Child Welfare Act – Title II Grants	✓ Refugee and Entrant Assistance State-Administered

INDEX TO FEDERAL FUNDING SOURCES BY SERVICE DOMAIN				
	TYPE OF FEDERAL PROGRAM			
SERVICE DOMAINS	ENTITLEMENTS	FORMULA OR BLOCK GRANTS	PROJECT OR DISCRETIONARY GRANTS	DIRECT PAYMENTS
Health and Mental Health • Preventive Health Care • Medical Care • Dental Care • Special Needs • HIV/AIDS • Mental Health Services	✓ Title XIX Medical Assistance Program (Medicaid)	✓ Family Violence and Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes ✓ Maternal and Child Health Services Block Grant (Title V) ✓ Migrant Education - Basic State Grant Program ✓ Social Service Block Grant ✓ Special Education - Preschool Grants ✓ Special Education Grants for Infants and Families with Disabilities ✓ State Children's Insurance Program (SCHIP) – Title XXI ✓ Title I Grants to Local Educational Agencies ✓ (WIC) Special Supplemental Nutrition Program for Women, Infants and Children	✓ Abandoned Infants ✓ Childhood Lead Poisoning Prevention Projects; State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children ✓ Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances ✓ Demonstration Grants for Residential Treatment for Women and Their Children ✓ Early Head Start ✓ Emergency Medical Services for Children ✓ Foster Grandparent Program ✓ Grants for Residential Treatment Programs for Pregnant and Postpartum Women ✓ Head Start ✓ Health Center Grants for the Homeless ✓ Healthy Schools, Healthy Communities ✓ HIV Demonstration Program for Children, Adolescents, and Women ✓ Indian Child Welfare Act - Title II Grants ✓ Safe Schools/Health Students Initiative ✓ Public and Indian Housing Drug Elimination Program ✓ Safe Schools/Healthy Students Initiative ✓ Twenty-First (21st) Century Community Learning Centers	✓ Indian Social Services – Child Welfare Assistance ✓ Refugee and Entrant Assistance State-Administered Programs

INDEX TO FEDERAL FUNDING SOURCES BY SERVICE DOMAIN				
	TYPE OF FEDERAL PROGRAM			
SERVICE DOMAINS	ENTITLEMENTS	FORMULA OR BLOCK GRANTS	PROJECT OR DISCRETIONARY GRANTS	DIRECT PAYMENTS
Infrastructure • *Technology* • *Training and Staff Development* • *Technical Assistance/ Evaluation* • *Facility Improvements* • *Case Management* • *Transportation* • *Collaboration* • *General Administrative Costs*	✓ *Adoption Assistance – Title IV-E* ✓ *Child and Adult Care Food Program* ✓ *Foster Care – Title IV-E* ✓ *Summer Food Service Program for Children* ✓ *Title XIX Medical Assistance Program (Medicaid)*	✓ *Child Abuse and Neglect State Grants* ✓ *Child Care and Development Block Grant – Discretionary Fund* ✓ *Child Care and Development Block Grant - Mandatory* ✓ *Child Welfare Services – State Grants (Title IV-B)* ✓ *Community-Based Family Resource and Support Grants* ✓ *Cooperative Extension Service* ✓ *Education for the Homeless Children and Youth* ✓ *Family Preservation and Support Services* ✓ *Family Violence and Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribe* ✓ *Maternal and Child Health Services Block Grant* ✓ *Refugee and Entrant Assistance – Targeted Assistance* ✓ *Social Services Block Grant (Title XX)* ✓ *Special Education Grants for Infants and Families with Disabilities* ✓ *State Children's Insurance Program (CHIP)* ✓ *Temporary Assistance to Needy Families (TANF)*	✓ *Abandoned Infants* ✓ *Childhood Lead Poisoning Prevention Projects; State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children* ✓ *Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances* ✓ *Demonstration Grants for Residential Treatment for Women and Their Children* ✓ *Early Head Start* ✓ *Emergency Medical Services for Children* ✓ *Even Start-Indian Tribes and Tribal Organizations* ✓ *Even Start-Migrant Education* ✓ *Family Support Model Demonstration Projects (under the Projects of National Significance Program)* ✓ *Foster Grandparent Program* ✓ *Grants for Residential Treatment Programs for Pregnant and Postpartum Women* ✓ *Head Start* ✓ *Health Center Grants for the Homeless* ✓ *Healthy Schools, Healthy Communities* ✓ *Healthy Start Initiative*	✓ *Refugee and Entrant Assistance State-Administered Programs*

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INDEX TO FEDERAL FUNDING SOURCES BY SERVICE DOMAIN				
	TYPE OF FEDERAL PROGRAM			
SERVICE DOMAINS	ENTITLEMENTS	FORMULA OR BLOCK GRANTS	PROJECT OR DISCRETIONARY GRANTS	DIRECT PAYMENTS
Infrastructure (continued) • *Technology* • *Training and Staff Development* • *Technical Assistance/ Evaluation* • *Facility Improvements* • *Case Management* • *Transportation* • *Collaboration* • *General Administrative Costs*		✓ *(WIC) Special Supplemental Nutrition Program for Women, Infants and Children*	✓ *HIV Demonstration Program for Children, Adolescents* ✓ *Indian Child Welfare Act-Title II Grants* ✓ *Public and Indian Housing Drug Elimination Program* ✓ *Safe Schools/Healthy Students Initiative* ✓ *Safe Start Demonstration Project* ✓ *Social Services Research and Demonstration* ✓ *Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities* ✓ *Twenty-First (21st) Century Community Learning Centers*	

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VIII. Appendix C: Guidelines For Pursuing Federal Funds

GENERAL GUIDELINES FOR PURSUING FEDERAL FUNDS

Accessing federal funds is a matter of skill, positioning, competence, and luck. Here are some critical questions and decision points to consider before embarking on a pursuit of federal funds.

- Have a clear vision of whom you want to serve, what you want to do, and how you will know if you're successful. You may have a new program, or a new component within an established program. You may want to replicate a successful program in another county or community. Make sure you and your partners agree on the goal and why it's important.

- Think about when and for how long you will need the funding. Are you trying to find ongoing funding for a demonstration project? Do you want to expand a current program? Are you interested in starting something new? Funding new programs may be more easily done through a federal grant, especially if you need to have the total cost of the program funded by an outside source. Leveraging federal dollars may be a better strategy for sustaining current programs or for program expansion, particularly if you have capacity to contribute some or all of the nonfederal share of the cost.

- Match the funding sources with the services you're trying to fund. The federal funding sources and strategies you use will depend on what it is you are trying to fund. For example, if you are looking for federal funding to expand or improve program infrastructure, you will most likely want to include these costs as part of a larger grant application or leveraging effort. Leveraging is based on current expenditures on allowable activities, and cannot directly fund expansion. However, you may be able to leverage federal funding based on expenditures in your program and use the new revenue to support and strengthen your infrastructure, if this is your priority.

- Consider multiple funding sources. Diversify. Don't expect to have all your funding needs met by one source. Many excellent community-based organizations depend on many sources of funding. For example, you may have a family resource center with a literacy program. Instead of funding the literacy program out of your family resource center grant, partner with your local school district to apply for literacy program funds.

- Maximize your existing funding sources. Make the best use of what you've already got. Look at the overall budget of your program. Do you have state and local public funds that are not matched to any federal source? Do these funds support activities that could be claimed as a federal expense? Do you have services that could be claimed to a federal source that are funded with private donations or grants or with other federal funds? See if there's a way that you can reconfigure your budget so that your state and local public funds leverage new federal funds for your program. If you seek to leverage federal funds through Title IV-E or Title XIX, your request for support will be strengthened if you have the "match," if you have a good recordkeeping system in place, if your finances are well managed, and if you serve families of primary concern to the state child welfare or Medicaid agency.

- Learn as much as you can about the funding sources you decide to pursue.

- Find out who's in charge of the programs you want to access. Find out who makes decisions about the federal programs that interest you in your state, county, or city. Find out when applications can be submitted. If you are trying to leverage funds, find out who in the child welfare or Medicaid agency could be an initial ally to develop a claiming strategy.

- Talk to the decisionmakers. This is especially important if you are asking a state agency to provide the non-federal share of the match of the federal program you hope to leverage. Find out what the agency's spending priorities are. Learn how agency officials make decisions about funding. Find out if they have a plan that identifies their priorities. Read the plan. If you want changes made, find out when and how the plan can be revised.

- Increase your potential for accessing federal funds by networking and partnering. Join a coalition or organization that shares your interests. Work with them to understand what their experience has been in getting federal funds. Join forces with another entity to give your program added depth and strength. Many federal grants now require collaboration among a variety of community partners. By getting to know those partners, you can establish collaborations that will be in place when grant opportunities arise.

- Keep good records. If you're running a program but have never had federal funding, start routinely collecting data on your client population. Try to collect data that shows whom you serve and what results you achieve. If you already have funding, the data can help support service or site expansion. Your ability to keep good records will be an asset in efforts you undertake to leverage federal funds.

XI. Appendix D: Other Resources

This section highlights an array of other research papers, reports, and policy tools that are available from The Finance Project and from other groups that can help the Proposition 10 commissioners as they develop financing plans for their communities.

Publications:

Breaking New Ground: A Financial Strategy for a Governance Partnership. Washington, DC: Center for the Study of Social Policy (1998).

Building for the Future: A Guide to Facilities Loan Funds for Community-based Child and Family Services by Carl Sussman. Washington, DC: The Finance Project (1999).

Building Villages to Raise our Children: Funding and Resources. Cambridge, MA: The Harvard Family Research Project (1993).

Capturing Cash for Kids: A Workbook for Reinvesting in Community Based Prevention Approaches for Children and Families by Marty Giffin, Abram Rosenblatt, Nancy Mills, and Mark Friedman. Sacramento, CA: The Comprehensive Integrated Services Reinvestment Project of the Foundation Consortium (1998).

Compendium of Comprehensive Community-Based Initiatives: A Look at Costs, Benefits, and Financing Strategies by Cheryl D. Hayes, Elise Lipoff, and Anna Daneggar. Washington, DC: The Finance Project (1995).

Creating Dedicated Local Revenue Sources for Early Care and Education Initiatives by Barbara Langford. Washington, DC: The Finance Project (1999).

Federal Funding for Early Childhood Supports and Services: A Guide to Sources and Strategies by Hansine Fisher with Carol Cohen, and Margaret Flynn. Washington, DC: The Finance Project (Summer 2000).

Financing Child Care in the United States: An Illustrative Catalog of Current Strategies by Anne Mitchell, Louise Stoney, and Harriet Dichter. The Ewing Marion Kauffman Foundation and the Pew Charitable Trusts (1997).

Financing Family Resource Centers: A Guide To Sources and Strategies by Sara Watson and Miriam Westheimer. Washington, DC: The Finance Project and Carnegie Corporation of New York (2000).

Financing Services for Young Children and Their Families: Meeting the Challenges of Welfare Reform by Cheryl D. Hayes. Washington, DC: The Finance Project (1997).

The Future of Children: Financing Child Care by the Center for the Future of Children. Los Altos, CA: The David and Lucile Packard Foundation (1996).

A Guide to Successful Public-Private Partnerships for Child Care. The Child Care Partnership Project. Washington, DC: U.S. Child Care Bureau (1999).

Getting to the Bottom Line: State and Community Strategies for Financing Comprehensive Community Service Systems. Falls Church, VA: National Center for Service Integration, Resource Brief # 4 (1993).

The Implementation of Proposition 10: The California Children and Families First Act of 1998. Sacramento, CA: California Budget Project Budget Brief (March 1999).

Investing in Children and Families: Iowa's Efforts to Generate Funds to Reform Child Welfare Services. Washington DC: The Center for the Study of Social Policy (1994).

Investing in our Children's Care: An Analysis and Review of State Initiatives to Strengthen the Quality and Build the Supply of Child Care Funded Through the Child Care and Development Block Grant by Helen Blank. Washington, DC: Children's Defense Fund (1993).

Looking into New Mirrors: Lessons for Early Childhood Finance and System-Building by Louise Stoney. Boston, MA: The Horizons Initiative (1998).

Making Child Care Better: State Initiatives by Scott Groginsky, Susan Robison, and Shelley Smith. Washington, DC: National Conference of State Legislatures (1999).

Making Space for Children: A Toolkit for Starting a Child Care Facilities Fund. Washington, DC: The Finance Project and Carnegie Corporation of New York (2000).

Money Matters: A Guide to Financing Quality Education and Other Children's Services. Washington, DC: The Finance Project (1997).

Not by Chance: Creating an Early Care and Education System for America's Children by S. Kagan and N Cohen. New Haven, CT: Bush Center in Child Development and Social Policy (1997).

Reforming Finance for Family and Children's Services by Mark Friedman. Sacramento, California: Foundation Consortium (2000).

Serving Families and Youth through the Temporary Assistance to Needy Families Block Grant Issue Brief. Washington, DC: National Governor's Association (February 4, 2000).

Starting Points: Meeting the Needs of our Youngest Children. New York: Carnegie Corporation of New York (1994).

Stepping Up: Financing Early Care and Education in the 21st Century, Volume I, a publication of four papers commissioned for *Making it Economically Viable: Financing Early Care and Education,* a working meeting hosted by the Ewing Marion Kauffman and David and Lucile Packard Foundations (March 1999).

Temporary Assistance for Needy Families and Healthy Families America: Accessing a New Funding Source. Chicago, IL: Prevent Child Abuse America (1999).

Toward Systemic Reform: Service Integration for Young Children and Their Families by Sharon L. Kagan, Stacie G. Goffin, Sarit A. Golub, and Eliza Pritchard. Falls Church, VA: National Center for Service Integration (1995).

Using TANF to Finance Out-of-School Time and Community School Initiatives: Strategy Brief by Margaret Flynn. Washington, DC: The Finance Project (October 1999).

Using Tobacco Settlement Revenues for Children's Services: State Opportunities and Actions by Lee Dixon, Patrick Johnson, Nicole Kendell, Carol Cohen, and Richard May. Washington, DC: The Finance Project (1999).

Federal Sources:

THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE: A government-wide database of US federal programs, services, and activities. The CFDA details eligibility requirements, goals, application process, and award process of federal funds. The CFDA is published on-line, on CD-ROM, and in print.
Federal Domestic Assistance Catalog Staff (MVS)
General Services Administration
300 7th Street, SW, Suite 101
Washington, DC 20407
(202) 708-5126
www.gsa.gov/fdac

THE FEDERAL REGISTER: The Federal Register is a legal newspaper published every business day by the National Archives and Records Administration (NARA). It contains announcements of the availability of grants and proposed rules and regulations for federal programs. It is distributed in paper, on microfiche and on-line.
Superintendent of Documents
PO Box 371954
Pittsburgh, PA 15250-7954
(202) 512-1800
www.access.gpo.gov/nara

GRANTSNET: An on-line tool for finding and exchanging information about the US Department of Health and Human Services and selected other federal grant programs. The web site provides information on how to find federal grant information, how to apply, administering grants, and other useful resources.
200 Independence Ave., SW
Washington, DC 20201
(877) 696-6775
http://www.os.dhhs.gov/progorg/grantsnet/index.html

THE GREEN BOOK: BACKGROUND MATERIAL AND DATA ON PROGRAMS WITHIN THE JURISDICTION OF THE COMMITTEE ON WAYS AND MEANS: Published yearly, the Green Book provides an overview of federal funding programs with a wealth of information including background information, data on recent trends, legislative history and requirements, and state-by-state allocations.
www.house.gov/ways_means

Organizations:

CENTER FOR LAW AND SOCIAL POLICY
1616 P St., NW, Suite 150
Washington, DC 20036
(202) 328-5140
http://www.clasp.org

THE CENTER FOR THE STUDY OF SOCIAL POLICY
1250 Eye St., NW, Suite 503
Washington, DC
(202) 371-1565
http://www.cssp.org

CENTER ON BUDGET AND POLICY PRIORITIES
820 First St., NE, Suite 510
Washington, DC 20002
(202) 408-1080
http://www.cbpp.org

CHILDREN'S DEFENSE FUND
25 E Street NW
Washington, DC 20001
202-628-8787
http://www.childrensdefense.org

CHILD & FAMILY POLICY CENTER
218 Sixth Avenue, Suite 1021, Fleming Building
Des Moines, Iowa 50309
(515) 280-9027
http://www.cfpciowa.org

THE DAVID AND LUCILE PACKARD FOUNDATION
CENTER FOR THE FUTURE OF CHILDREN
300 Second Street, Suite 200
Los Altos, CA 94022
(650) 948-7658
http://www.futureofchildren.org

THE FINANCE PROJECT
1000 Vermont Ave., NW, Suite 600
Washington, DC 20005
(202) 628-4205
http://www.financeproject.org

FISCAL POLICY STUDIES INSTITUTE
8 Charles Plaza, Suite 1407
Baltimore, MD 21202
(410) 659-9745
http://www.resultsaccountability.com

HARVARD FAMILY RESEARCH PROJECT
38 Concord Avenue
Cambridge, MA 02138
(617) 495-9108
http://www.gsweb.harvard.edu/~hfrp

NATIONAL CENTER FOR CHILDREN IN POVERTY
Columbia School of Public Health
154 Haven Avenue
New York, NY 10032
(212) 304-7100
http://www.cpmcnet.columbia.edu/dept/nccp/

THE NATIONAL CHILD CARE INFORMATION CENTER (NCCIC)
301 Maple Avenue West
Vienna, VA 22180
(800) 616-2242
http://www.nccic.org

NATIONAL CONFERENCE OF STATE LEGISLATURES (NCSL)
1560 Broadway, Suite 700
Denver, CO 80802
(303) 830-2200
http://www.ncsl.org

NATIONAL GOVERNORS' ASSOCIATION (NGA)
444 North Capitol Street, NW, Suite 250
Washington, DC 20001
(202) 624-5300
http://www.nga.org

Endnotes

[1] *Cheryl D. Hayes,* Financing Services for Young Children and Their Families: Meeting the Challenges of Welfare Reform. *Washington, DC: The Finance Project, 1997.*

[2] *Sharon L. Kagan, Stacie G. Goffin, Sarit A. Golub, and Eliza Pritchard,* Toward Systemic Reform: Service Integration for Young Children and Their Families. *Falls Church, VA: National Center for Service Integration, 1995.*

[3] *Cheryl D. Hayes, Elise Lipoff, and Anna Danegger,* Compendium of Comprehensive Community-based Initiatives: A Look at Costs, Benefits, and Financing Strategies. *Washington, DC: The Finance Project, 1995.*

[4] *California Budget Project,* The Implementation of Proposition 10: The California Children and Families First Act of 1998. *Sacramento, CA: California Budget Project Budget Brief, March, 1999.*

[5] *F.J. Chaloupka and M. Grossman, Price,* Tobacco Control Policies and Youth Smoking. *Washington, DC: National Bureau of Economic Research, 1996.*

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[7] Ibid.

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[9] *Sara Watson and Miriam Westheimer,* Financing Family Resource Centers: A Guide to Sources and Strategies. *Washington, DC: The Finance Project and Carnegie Corporation of New York, 2000.*

[10] *Foundation Consortium,* Capturing Cash for Kids: A Workbook for Reinvesting in Community Based Prevention Approaches for Children and Families. *Sacramento, CA: Foundation Consortium, 1998.*

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[13] *Hansine Fisher, with Carol Cohen and Margaret Flynn,* Federal Funding for Early Childhood Supports and Services: Sources and Strategies. *Washington, DC: The Finance Project, 2000.*

[14] Ibid.

[15] Ibid.

[16] Ibid.

[17] *Margaret Flynn,* Using TANF to Finance Out-of School Time and Community School Initiatives: Strategy Brief. *Washington, DC: The Finance Project, October 1999.*

[18] *Numbers reflect "unobligated balances" and "unliquidated obligations", as reported by the US Department of Health and Human Services Administration for Children and Families, Office of Financial Services,* TANF Financial Data, Table A: Part 3 – Summary for all Federal TANF Grants for FY's 1997, 1998, and 1999. *www.acf.dhhs.gov/programs/ofs/data*

[19] *Flynn,* Using TANF to Finance Out-of-School Time and Community School Initiatives: Strategy Brief.

[20] The maximum amount of TANF that can be transferred to CCDF is 30%, and once transferred, the dollars are subject to the requirements of CCDF.

[21] Ibid.; *and Prevent Child Abuse America,* Temporary Assistance for Needy Families and Healthy Families America: Accessing a New Funding Source. *Chicago: Prevent Child Abuse America, 1999.*

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[24] *Center for the Study of Social Policy,* Breaking New Ground: A Financial Strategy for a Governance Partnership. *Washington, DC: Center for the Study of Social Policy, 1998.*

[25] *Center for the Study of Social Policy,* Breaking New Ground: A Financial Strategy for a Governance Partnership. *Washington, DC: Center for the Study of Social Policy, 1998.*

[26] *Fisher et al.,* Federal Funding for Early Childhood Supports and Services, *op cit.*

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[28] *Sara Watson and Miriam Westheimer,* Financing Family Resource Centers: A Guide to Sources and Strategies. *Washington, DC: The Finance Project and Carnegie Corporation of New York, 2000.*

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[30] *Frank Farrow and Charles Bruner,* Getting to the Bottom Line, op cit.

[31] Ibid.

[32] *The Child Care Partnership Project,* A Guide to Successful Public-Private Partnerships for Child Care. *Washington, DC: U.S. Child Care Bureau, 1999. The Child Care Partnership Project is a joint initiative of The Finance Project, the Families and Work Institute, and the National Governors' Association.*

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National Library of Education (NLE)
Educational Resources Information Center (ERIC)

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